



# **NAVAL POSTGRADUATE SCHOOL**

**MONTEREY, CALIFORNIA**

## **THESIS**

**BITING THE HAND THAT FEEDS YOU: ABUSE OF  
ISLAMIC CHARITIES BY TERRORIST ORGANIZATIONS**

by

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December 2009

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**BITING THE HAND THAT FEEDS YOU: THE ABUSE OF ISLAMIC  
CHARITIES BY TERRORIST ORGANIZATIONS**

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Submitted in partial fulfillment of the  
requirements for the degree of

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## **ABSTRACT**

Since September 12, 2001, countering terrorist financing has been one of the many major fronts used in the war on terrorism. Outside of monitoring communications through high technology, the next most important task for intelligence-gathering entities against terrorist organizations is to learn how they raise, store, and move money in the financing of their operations. Although there are many conduits that a terrorist can choose from when moving money, they use Islamic charities both licitly and illicitly within the terrorist financial network.

Research is still incomplete as to how Islamic charities operate, how they raise funding, and exactly how they accomplish their part of terrorist activity when involved. Determining how creditable Islamic charities avoid being compromised, and how to detect charities being used as false fronts by terrorists can establish a common picture to detect future abuses. Once established, agencies such as the Federal Bureau of Investigation, the Department of Justice, and international agencies such as the Financial Action Task Force can develop strategies around this common picture to deter terrorist activities within Islamic charitable organizations.

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## **ACKNOWLEDGMENTS**

This thesis is dedicated to my late father Gerald Peter Reddan. A former soldier turned banker who once chased a bank robber through the streets of New York City as a teller; my father inspired me to chase thieves across the globe.

I would like to thank my Mother and siblings for their love and support of my military career. Without their support over my entire life, I would never have become a pilot or officer in the United States Air Force.

I am thankful for my wife and son and their constant sacrifices as part of a military family. My son, Dakota, your limitless energy, and unconditional love provide me a constant wellspring of joy and memories. My wife Kate, your ceaseless devotion to our marriage and maintenance of our family and home during my deployments receives my deepest gratitude and love. Without your love and steadfast support, I am lesser of an Airman. I look forward to our family's future together.

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# **I. ARE TERRORIST ORGANIZATIONS' ABUSES AGAINST ISLAMIC CHARITIES RECEIVING ENOUGH ATTENTION?**

## **A. INTRODUCTION**

Since September 12, 2001, countering terrorist financing has been one of the many major fronts used in the war on terrorism. Outside of monitoring communications through high technology, the next most important task for intelligence gathering entities against terrorist organizations is to learn how they raise, store, and move money in the financing of their operations.<sup>1</sup> Although there are many conduits that a terrorist can choose from when moving money, they use Islamic charities both licitly and illicitly within the terrorist financial network.

Research is still incomplete as to how Islamic charities operate, how they raise funding, and exactly how they accomplish their part of terrorist activity when involved.<sup>2</sup> Determining how creditable Islamic charities avoid being compromised, and how to detect charities being used as false fronts by terrorists can establish a common picture to detect future abuses. Once established, agencies such as the Federal Bureau of Investigation and the Department of Justice, and international agencies such as the Financial Action Task Force, can develop strategies around this common picture to deter terrorist activities within Islamic charitable organizations.

## **B. MAJOR RESEARCH QUESTION**

Knowing how terrorists use/abuse Islamic charities within a terrorist financial network to raise funds may allow those same charities to avoid accepting an unwanted risk, and inhibiting one piece of the terrorist financial network. Could this risk be, or has it been, leveraged in a way to magnifying and disrupt the terrorist financial network and in turn disrupt past and future attacks?

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<sup>1</sup> Sean S. Costigan and David Gold, *Terronomics* (Aldershot, England; Burlington, VT: Ashgate, 2007), viiii.

<sup>2</sup> Jon B. Alterman and Karin Von Hippel, *Understanding Islamic Charities*, Vol. 29, no. 7 (Washington, DC: Center for Strategic and International Studies, 2007), x.

## C. LITERATURE REVIEW

Combating terrorist financing through targeting and regulating Islamic charities is one of five financial fronts that the United States and the international community have chosen to focus on since September 11, 2001. Funding of Islamic charities through the zaqat creates a large pool of fungible assets to be dispersed throughout the international financial system and evidence exists that terrorist networks have exploited Islamic charities. Specifically, investigations of Saudi charities have revealed numerous abuses over a long period. Muslim diasporas have also risen in the interest of international law enforcement agencies such as the Federal Bureau of Investigations and the Financial Action Task Force. A more robust strategy may be required to target charitable organizations to stop terrorist financing and, in turn, reduce terrorist attacks throughout the world.

Combating terrorist financing has moved from a low priority prior to September 11, 2001, to a very high priority after the attacks of that day.<sup>3</sup> It stands number two on the list behind highly technical communications monitoring used by intelligence services to gather information against terrorist organizations.<sup>4</sup> If we apply the analogy of how fire burns to terrorism, we can understand why targeting the financing of terrorism is so important. Fire requires three things to sustain itself, fuel, heat, and oxygen. Like a fire, terrorist organizations also require three basic elements in the form of weapons, human capital, and funding sources for survival. If the logic of the analogy holds, removing or hindering one of the elements should provide a degree of disruption to the terrorist organization. In turn, this disruption should affect the ability of the organization carry out attacks by its operational cells.

Within current literature, five principal ways have surfaced through which terrorist's finance their organizations: direct contributions, international donations into charitable foundations, state sponsorship, criminal activities, and the collection of the

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<sup>3</sup> Matthew Levitt and Michael Jacobson, "The U.S. Campaign to Squeeze Terrorists' Financing," *Journal of International Affairs* 62, no. 1 (Fall 2008), 67, <http://proquest.umi.com/pqdweb?did=1603693011&Fmt=7&clientId=11969&RQT=309&VName=PQD>.

<sup>4</sup> Costigan and Gold, *Terronomics*, viiii.

zaqat.<sup>5</sup> Of these five, international donations made to Islamic charitable foundations stands out as a primary concern for combating terrorism. The zaqat is of secondary concern since it consists of a large pool of fungible resources and the majority of it finds its way into Islamic charities as well.

This is not to be mistaken as an attempt to classify all Islamic charities as supporting terrorism, as this is incorrect and unfounded. Islamic charities have been just as effective, and at times more so, throughout the world as many other religiously affiliated charities.<sup>6</sup> They provide up to one-fifth of the world's humanitarian effort at an estimated \$3 billion United States Dollars (USD) annually.<sup>7</sup>

In order to understand Islamic charities, we must first discuss one of its main pillars, the zaqat. It is an annual tax levied on Muslims as part of the Islamic faith and contains two parts. First, a calculation per person within a family unit at 2.25 kilograms, the number calculated equates to the amount of food a household must donate. The second piece more widely accepted as the zaqat itself and based on household wealth. Household wealth includes the value of property, income, savings, crops, livestock, gold, minerals, and treasures and equates to approximately \$1,300 USD per year.<sup>8</sup>

The zaqat collected supports eight types of Muslims, those with no possessions or livelihood, those that cannot meet basic needs, zaqat workers, converts, those escaping slavery, bondage or indebtedness, stranded travelers, and those with fulfilling a strong cause for Allah.<sup>9</sup> Due to the nature of the reasons for the zaqat, the funds are usually dispersed toward regions of strife throughout the world. This in turn, by chance, or on purpose, will usually end up in the hands of terrorist.<sup>10</sup> Terrorist organizations receive

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<sup>5</sup> Jeanne K. Giraldo and Harold A. Trinkunas, *Terrorism Financing and State Responses: A Comparative Perspective* (Stanford, CA: Stanford University Press, 2007), 60.

<sup>6</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, 6–7.

<sup>7</sup> Ibid., viii.

<sup>8</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, 5.

<sup>9</sup> Costigan and Gold, *Terronomics*, 53.

<sup>10</sup> Ibid., 53.



funds for a myriad of different activities other than operational efforts of attack to include propaganda, recruitment, and maintaining the organizational network.<sup>11</sup>

A concern arises throughout literature about Islamic charities and the fact that they can easily be abused by terrorist organizations as recipients of the zaqat. Evidence points out that one-third of all Islamic charities have supported terrorist organizations in one way or another.<sup>12</sup> Some (fraudulent) Islamic charities are established fronts for terrorist organizations, and the majority of them have been detrimentally affected since 2001 and the institution of counter terrorism financing measures throughout the Western world. The Muslim World League, SAAR Foundation, and Saudi High Commission are all examples of terrorist organizations falsely representing charitable charters to raise funds for terrorists.<sup>13</sup> Other charities have ignorantly supported terrorist organizations infiltrated by terrorists who act as operatives to divert money away from the legitimate causes of the charity.

Islamic charities in Saudi Arabia provide an excellent case for the need to focus on and protect the abuse of charitable organizations from terrorist around the world. Saudi charities, at a minimum, do have weak ties to terrorist organizations and some evidence suggests that there may stronger ties to explore.<sup>14</sup>

There are many examples of ties other than weak ones in regards to the Saudis and terrorist organizations. Up until 2003, Osama bin Laden had been allowed to collect millions of dollars in funds from supporters in the Kingdom although the government of Saudi Arabia termed him a renegade and issued a (very weakly executed) warrant for his arrest.<sup>15</sup> While allowed to operate freely in Saudi Arabia, he publicly called for charitable contributions toward Al-Qaida and other radical groups.<sup>16</sup>

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<sup>11</sup> Costigan and Gold, *Terronomics*, 49.

<sup>12</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, vi.

<sup>13</sup> Rachel Ehrenfeld, *Funding Evil: How Terrorism is Financed – And How to Stop it* (Chicago: Bonus Books, 2003), 38, 41–42.

<sup>14</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, 76.

<sup>15</sup> Gerald L. Posner, *Secrets of the Kingdom: The Inside Story of the Saudi-U.S. Connection*, 1st ed. (New York: Random House, 2005), 166.

<sup>16</sup> *Ibid.*, 167.

Although Saudi charities have been part of humanitarian efforts around the globe, it was stated in a senate investigative commission in 2003 that “Saudi Arabia is present at every stage of Al-Qaeda financing, but primarily as the major source of funding.”<sup>17</sup> The Saudis up through 2003 also passed protection money onto Osama bin Laden, and charities were the conduit in which it occurred.<sup>18</sup> The 9/11 Commission termed Saudi Arabia as a “fertile [area for] fundraising groups” and implicated extreme religious views, charitable giving and little legal oversight as part of the problem.<sup>19</sup> Could this line of thinking also be applied to diasporas throughout the world?

In this course of research, Muslim diasporas rise to the surface as an integral part of the mix in relation to Islamic charities and the financing of terrorist organizations. The traditional definition of diaspora is associated with a group of people both forceful dispersed from their homeland, as well as a maintaining deeply rooted and established ties back to the homeland through traditions and material exchange.<sup>20</sup> A more contemporary definition includes growing ethno-national groups within a nation-state due to migration and the availability of new and affordable communications technology.<sup>21</sup>

Law enforcement and intelligence agencies have taken a keen interest in diasporas for many reasons. Well-organized diasporas exist throughout all of North America and Western Europe effectively connecting isolated ethnic populations with their homelands. This has been magnified by globalization in recent years and allows people to “live” in one country, while residing in another.<sup>22</sup> Individuals maintain financial ties and current knowledge of their home country’s current events, politics, and religious teachings

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<sup>17</sup> Gerald L. Posner, *Secrets of the Kingdom: The Inside Story of the Saudi-U.S. Connection*, 1st ed. (New York: Random House, 2005), 168.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid., 170.

<sup>20</sup> Christoph Schumann, "A Muslim 'Diaspora' in the United States?" *The Muslim World* 97, no. 1 (January 2007), 12.

<sup>21</sup> Ibid., 13.

<sup>22</sup> Moisés Naím, "Missing Links: The New Diaspora," *Foreign Policy*, no. 131 (July –August 2002), 96.

through electronic means. The reverse has also occurred where political campaigning and fundraising has occurred in diasporas by candidates from the diaspora's home country.<sup>23</sup>

These population centers provide a profitable area to gather funds for the zaqat and Islamic charities. Unfortunately, they also provide fertile ground for terrorist organizations to establish financial branches to take advantage of fundraising efforts and sympathetic views towards their "higher cause."<sup>24</sup> The majority of funds raised within diasporic populations are usually through legal means. Fundraising activities within diasporas include collecting membership dues (voluntary or mandatory) to be a part of the diaspora, during parties or celebrations, and memberships within clubs internal to the diaspora itself. Once again, with the above activities, we can see how dense ethnic populations can maintain social, cultural, and political connections to their country of origin.<sup>25</sup> The funds raised through the above legal activities enter into; remain stored, and moved within established legal financial networks. This then equates to ease of movement through the world's financial network, and an opportunity for terrorist organizations takes advantage of their fungibility.<sup>26</sup>

For the benefit of those truly in need of charitable monies for survival, the international community must determine how to best protect Islamic charitable organizations from terrorist abuse. Unfortunately, a strategic plan to defeat terrorist financing is lacking, and disrupting the financial network to identify terrorist leaders, networks, groups, and operational activities seems to be the current tactical focus.<sup>27</sup> The United States, as well as the international community continues efforts to thwart terrorist financing through numerous ways since September 11, 2001. The main players in this effort seem to be the Federal Bureau of Investigation (FBI), and the Financial Action Task Force (FATF).

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<sup>23</sup> Moisés Naím, "Missing Links: The New Diaspora," *Foreign Policy*, no. 131 (July –August 2002), 96.

<sup>24</sup> Costigan and Gold, *Terronomics*, 50.

<sup>25</sup> *Ibid.*, 52.

<sup>26</sup> *Ibid.*, 52.

<sup>27</sup> *Ibid.*, 50.

As the lead agency in of the Department of Justice for national security and combating criminal activities, and empowered by Title III of the USA PATRIOT act's "material support" legislation, the Federal Bureau of Investigation is an important part of countering terrorist financing.<sup>28</sup> It has been empowered to bridge the gap between local and state governments of the United States and the international community at large with membership in the Joint Terrorism Task Forces, participation in the National Security Council's Policy Coordination Committee on Terrorism Financing and The State Department Terror Finance Working Group.<sup>29</sup> However, are the efforts of the FBI meeting a goal to eradicate funding of terrorist organizations or disrupt it just enough to make financing terrorism more difficult through legal forms of financial channels?

The Financial Action Task Force is another major force in combating terrorist financing around the globe and ties together many governments in the international community.<sup>30</sup> The Financial Action Task Force authored the Eight Special Recommendations (ninth added in 2004) on Terrorist Financing that all related to charities in one way or another. What is important, is that one of the eight directly mentions abuse of Non-Governmental Organizations, and provides the first steps towards protecting charities from terrorist organizations based on evidence out of the Middle East.<sup>31</sup>

It is imperative that a proper strategy to attain maximum protect for Islamic charities from abuses by terrorist organizations be created. The large amount of funds generated by the zaqat, may require a more stringent and hands on regulation by the international community in the interest of protection from abuse. Supported by investigations into Saudi charities that have revealed numerous abuses over a long period beginning prior to 9/11, Islamic charities are vulnerable. Muslim diasporas also play a

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<sup>28</sup> Mary B. Erlande, Martin A. Weiss and United States. President, *Terrorist Financing* (New York: Nova Science Publishers, 2006), 35–36.

<sup>29</sup> Ibid., 39–40

<sup>30</sup> Ibid., 47.

<sup>31</sup> Ibid., 48.

part in controlling the charitable funds and have risen in the interest of international law enforcement agencies such as the Federal Bureau of Investigations and the Financial Action Task Force.

#### **D. PROBLEMS AND HYPOTHESES**

It is obvious that links can exist between corrupted (or infiltrated) Islamic charitable organizations and terrorism. Fawaz Damrah who used to be an Imam in Cleveland, Ohio stated, “Whoever donates for a mujahid so that he may throw stones is as if he too is fighting the Holy War, and will be rewarded like him, even if he stays home. Whoever equipped a raider for the sake of God has himself raided.”<sup>32</sup> In 2004 According to David Aufhauser, a former Treasury Department official, “north of [more than] \$75 billion” has been funneled through charities to support extreme religious fundamentalist and terrorist groups.<sup>33</sup> In addition, Prince Al-Waleed stated “clearly, there have been loose ends” in regards to terrorist groups on the take form Islamic charities.<sup>34</sup> This raises a question of whether motive or ignorance comes into play of the givers to the Islamic charities. Are they giving because, like most, they are truly trying to help a common good? Are they ignorant to the fact that certain Islamic charities directly or indirectly support terrorism? Alternatively, are they themselves knowingly supporting terrorism through charity?

The zaqat, one of the 5 pillars of Islam, requires Muslims to calculate a fixed percentage (usually 2.5%) of their annual income and donated in support of charities, continuing the Muslim faith, to help those in debt, those traveling, and support the administration of the zaqat.<sup>35</sup> Is it possible that the zaqat provides for an uninterrupted flow of funds not only to the charities, but also to terrorists? Well meaning Muslims, as well as those that choose to support terrorism, are paying annually into a highly fungible pool of money that is hard to trace. The “trust” placed in charities to police themselves is of concern because it is easily exploitable if the charitable organization is either

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<sup>32</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, viii.

<sup>33</sup> Posner, *Secrets of the Kingdom : The Inside Story of the Saudi – U.S. Connection*, 166.

<sup>34</sup> Ibid., 166.

<sup>35</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, 16.

compromised, or run, by terrorists.<sup>36</sup> What can we determine as to the effectiveness of domestic and/or international regulation with regard to Islamic charities and their ability to police themselves?

Have terrorists found diasporas an increasingly effective source of revenues to collect and distribute funds throughout the world under the umbrella of charity? The small communities maintain a high regard for traditional belief systems in line with their originating countries. They maintain and collect the zaqat just as their fellow Muslims do in the Middle East, and may be exploited as well to skim or shift funds from one area to another. Has this created a network of safe havens for terrorist financial activity as Muslims attempt to pay their zaqat only for it to be redirected using towards terrorist organizations?

What is the actual purpose and sought effect of counter terrorism efforts towards financial networks? Are efforts being made to eradicate all transfers and create a watertight system for charities to work within? On the other hand, the motivation of behind efforts may actually be only to attempt restricting the flow of terrorist funds to an acceptable amount.

## **E. METHODOLOGY**

The analytical approach followed in the course of this thesis is a comparative study of pre and post 9/11 actions taken by the United States and the international community against funding terrorism through charitable organizations. The use of case studies will be used in a search of how terrorist groups throughout the world such as Hamas and Hezbollah have received their funding through charities, and how those avenues have been affected by U.S. and international policies to counter terrorism financing. This should allow sufficient evidence to determine if these same actions are also inhibiting Al-Qaeda in their abilities to abuse or misuse charities for raising funds.

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<sup>36</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, 22.

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## II. ISLAMIC CHARITIES AND ZAQAT

### A. THE GOOD AND THE BAD

Within current literature, five principal ways have surfaced that terrorists finance their organizations: direct contributions, international donations into charitable foundations, state sponsorship, criminal activities, and the collection of the zaqat.<sup>37</sup> Of these five, international donations made to Islamic charitable foundations stands out as a primary concern for combating terrorism. The zaqat is of secondary concern since it consists of a large pool of fungible resources and the majority of it finds its way into Islamic charities as well. In this chapter, I will show how Islamic charities are misused, whether Islamic charities differ in vulnerability from other charities throughout the world and the importance of the zaqat.

This is not to be mistaken as an attempt to classify all Islamic charities as supporting terrorism, as this is incorrect and unfounded. Islamic charities have been just as effective, and at times more so, throughout the world as many other religiously affiliated charities.<sup>38</sup> They provide up to one-fifth of the worlds humanitarian effort at an estimated \$3 billion USD annually.<sup>39</sup> An excellent example of a Muslim nonprofit that maintained its integrity in a rough area of the world is the Palestine Red Crescent Society.

The Palestinian Red Crescent Society had established itself in the West Bank and Gaza providing emergency medical and welfare assistance to the Muslim population.<sup>40</sup> In an area of such strife, it could have easily become corrupt to the cause of Hamas. The International Commission for the Red Cross/Red Crescent Societies stepped in to support the Palestinian Red Crescent Society even though it was operating separately and independently from the larger society itself, and was not a recognized member. Recognition in the International Commission for the Red Cross/Red Crescent Society

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<sup>37</sup> Giraldo and Trinkunas, *Terrorism Financing and State Responses: A Comparative Perspective*, 60.

<sup>38</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, 6–7.

<sup>39</sup> *Ibid.*, viii.

<sup>40</sup> Millard Burr and Robert O. Collins, *Alms for Jihad: Charity and Terrorism in the Islamic World* (Cambridge ; New York: Cambridge University Press, 2006), 213.



requires providing relief within sovereign states, not territories such as Palestine.<sup>41</sup> This essentially established accountability for the Palestinian Red Crescent Society to a higher authority maintaining its established integrity and closing off its vulnerability to widespread corruption.

## **B. DEFINING A CHARITABLE ORGANIZATION**

To begin, we should examine in general what a nonprofit and/or religious organization is. I have decided to use the guidelines set forth by the United States Internal Revenue Service as a basis for this discussion. The Internal Revenue Service provides web-based guides outlining everything needed to know about the life cycle of these organizations, one each for nonprofit and religious organizations. The requirements of these two documents are very similar (the differences between the two are not applicable to this discussion); they require a purpose for exemption, suggest by-laws for operation, filing for a employer identification number, registering with the state or states in which charitable collection will be made, and guidance on how you can jeopardize your tax exempt status.<sup>42</sup> With the exception of the length of processing time for the forms to pass through the appropriate wickets within the IRS, it is relatively simple to establish a charitable organization in the United States.

According to the Internal Revenue Service, “the exempt purposes set forth in section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals.

Charitable is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and

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<sup>41</sup> Millard Burr and Robert O. Collins, *Alms for Jihad: Charity and Terrorism in the Islamic World* (Cambridge; New York: Cambridge University Press, 2006), 212.

<sup>42</sup> "Tax Information for Charitable Organizations," <http://www.irs.gov/charities/charitable/index.html> (accessed Jul 9, 2009).

discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.<sup>43</sup>

In regards to jeopardizing the charitable organizations tax-exempt status, it is mostly defined by undertaking political actions such as lobbying the government. Interestingly enough, nowhere is it listed that financially supporting terrorism, or abuse of the nonprofit exemption as a front for another organization is not covered directly in the guides.<sup>44</sup>

### C. ZAQAT

In order to understand Islamic charities, we must first discuss one of Islam's main pillars, the zaqat. It is an annual tax levied on Muslims as part of the Islamic faith and contains two parts. First, a calculation per person within a family unit at 2.25 kilograms, the number calculated equates to the amount of food a household must donate. The second piece more widely accepted as the zaqat itself and based on household wealth. Household wealth includes the value of property, income, savings, crops, livestock, gold, minerals, and treasures and equates to approximately \$1300 USD per year.<sup>45</sup>

The zaqat collected supports eight types of Muslims: those with no possessions or livelihood, those that cannot meet basic needs, zaqat workers, converts, those escaping slavery, bondage or indebtedness, stranded travelers, and those with fulfilling a strong cause for Allah.<sup>46</sup> Due to the nature of the reasons for the zaqat, the funds are usually dispersed toward regions of strife throughout the world. This in turn, by chance, or on purpose, will usually end up in the hands of terrorist.<sup>47</sup> Terrorist organizations receive funds for a myriad of different activities other than operational efforts of attack to include propaganda, recruitment, and maintaining the organizational network.<sup>48</sup>

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<sup>43</sup> "Tax Information for Charitable Organizations," <http://www.irs.gov/charities/charitable/index.html> (accessed Jul 9, 2009).

<sup>44</sup> Ibid.

<sup>45</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, 5.

<sup>46</sup> Costigan and Gold, *Terronomics*, 53.

<sup>47</sup> Ibid., 53.

<sup>48</sup> Ibid., 49.

The governing of the collection and distribution of the zaqat by the Islamic faith usually falls, in order, to the Caliphate, the Islamic Government it will be collected under, or the local principals such as sheikhs, sultans or Muslim clerics.<sup>49</sup> The hierarchal nature of how zaqat collection will be accomplished open the door for abuses on all levels. If the zaqat collection were accomplished by a Caliphate, or lower local principles, that lone individual alone would have the power to distribute it where he sees fit. On average, twenty percent of the zaqat may support “the path of Allah” and a group included in that category is the mujahedeen. Islamist Khilafah Rashidah defines “the way of Allah [as] spending to facilitate and enhance Jihad. Whenever ‘Fi Sabeelillah’ [In the Way of Allah] is mentioned in the Qu’ran it means nothing other than Jihad.”<sup>50</sup> Those in position to handle zaqat funds are removed from any responsibility toward funding terrorism with the zaqat that is entrusted to them. In Egypt, a case where zaqat was used for terrorism was uncovered where the Muslim Brothers maintained a source of funding for Ikhuwan (militant/terrorist) cells from the zaqat collected from poor Egyptian neighborhoods and eventually were identified in assassinating Anwar Sadat.<sup>51</sup>

In the late 1990s, it was identified through international Islamic conferences that the zaqat was being ineffectively used to combat poverty that Muslims throughout the world were suffering.<sup>52</sup> The amount of money that the zaqat generates should easily show dramatic results in resolving Muslim poverty at least in local populations in relation to where it was collected and it was not. Crown Prince Hassan bin Talal of Jordan began to encourage Muslim youth to mobilize and create a zaqat fund as a catalyst for establishing control over and accountability of the zaqat. Ideas also began to surface for coupling the zaqat to international aid organizations and calls for an international body for accountability purposes of the zaqat has also gained momentum.<sup>53</sup>

In April of 2009, a fund expected to exceed over \$3 billion (USD) was announced as a partnership between BMB Group, a sovereign merchant bank, and the International

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<sup>49</sup> Burr and Collins, *Alms for Jihad: Charity and Terrorism in the Islamic World*, 12.

<sup>50</sup> Ibid., 13.

<sup>51</sup> Ibid., 16.

<sup>52</sup> Ibid., 15.

<sup>53</sup> Ibid., 15.

Zakat Organization charity based in Kuala Lumpur. This fund will consolidate the collection of the zaqat from fifty-seven Muslim countries as well as individuals. Humayon Dar, chief executive officer of BMB Islamic stated that they “are also engaging in the highest level of due diligence and governance to ensure that the deployment of our funds do not advance the causes of organizations that do not promote peace and tolerance.”<sup>54</sup> Being the first fund of its kind in the Muslim community, it has taken over 10 years to accomplish a vision of monetary accountability for the zaqat.

#### **D. EXAMPLES OF ABUSE**

Evidence points out that one-third of all Islamic charities have, in some way, supported terrorist organizations.<sup>55</sup> Some (fraudulent) Islamic charities are established fronts for terrorist organizations, and the majority of them have been detrimentally affected since 2001 as the Institution of Counter Terrorism Financing measures throughout the western world. The Muslim World League, SAAR Foundation, Holy Land Foundation (HLF), Benevolence International Foundation/Global Relief Fund and Saudi High Commission are all examples of terrorist organizations falsely representing charitable charters to raise funds for terrorists.<sup>56</sup> Other charities have ignorantly supported terrorist organizations infiltrated by terrorists who act as operatives to divert money away from the legitimate causes of the charity. I will discuss the cases of Suleiman Abd al-Aziz al-Rajhj (SAAR), and the Holy Land Foundation as examples of false charities operating within the United States.

##### **1. Suleiman Abd al-Aziz al-Rajhj**

Started in 1984, the Suleiman Abd al-Aziz al-Rajhj (SAAR) Foundation was a key node in a network of “Islamic charities” throughout the United States and based in Herndon, Virginia. The SAAR foundation included companies and sponsored research in an effort to support charities that were furthering the growth of the Islamic religion.

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<sup>54</sup> Drew Carter, “New Fund to Pair Bank with Islamic Charity,” *Pensions & Investments* 37, no. 7 (Apr 6, 2009), 8.

<sup>55</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, vi.

<sup>56</sup> Ehrenfeld, *Funding Evil: How Terrorism is Finance – and how to Stop it*, 38, 41–42.

Although never proven in a court of law, the “the money trail” of this Islamic charitable organization’s funds ending up in the hands of terrorist organizations, such as HAMAS and Al-Qaida, cannot be denied.<sup>57</sup>

In the course of my research, the connection that I have found between SAAR, HAMAS and Al-Qaida is as follows. The Palestinian Islam Jihad, a terrorist organization, was found to be in direct communication with World and Islam Studies Enterprise (WISE) discussing the accomplishments of its martyrs, a U.S. federal task force uncovered this connection.<sup>58</sup> WISE, in turn, received funding from another group, a think tank called the International Institute for Islamic Thought (IIIT).<sup>59</sup> IIIT then had a direct link to the SAAR Foundation and its associated connections to Islamic charities within the United States with federal tax records as proof that \$26 Million (USD) had been unaccounted for and sent overseas to unknown recipients.<sup>60</sup>

## 2. Holy Land Fund

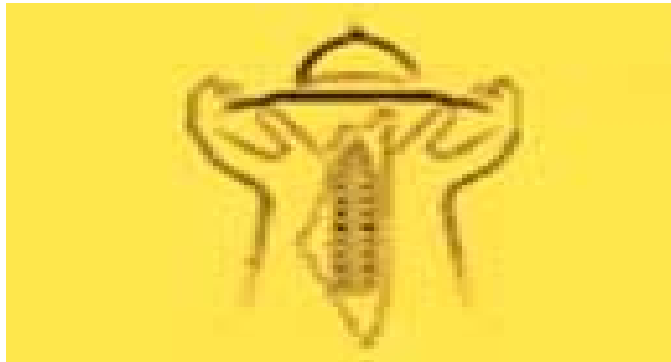


Figure 1. Holy Land Fund Logo.

The above logo was the starting point and catalyst for the work done by Rita Katz, author of *Terrorist Hunter* (published as Anonymous). It is (was) the logo for the Holy

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<sup>57</sup> Burr and Collins, *Alms for Jihad: Charity and Terrorism in the Islamic World*, 280.

<sup>58</sup> *Terrorist Hunter: The Extraordinary Story of a Woman Who Went Undercover to Infiltrate the Radical Islamic Groups*, 1st ed. (New York: Ecco, 2003), 91.

<sup>59</sup> Burr and Collins, *Alms for Jihad: Charity and Terrorism in the Islamic World*, 348.

<sup>60</sup> *Ibid.*, 281.

Land Fund for Relief and Development (HLF) and carries significant meaning to the mission of HLF. As she inspected a piece of literature from HLF (pre-9/11), that was composed of an English version and Arabic version she uncovered a few interesting facts about this pamphlet.

First, she noted that the hands in the picture were holding the al-Aqsa mosque located in Jerusalem and is the birthplace of the “the al-Aqsa intifada, and an integral piece of the Arab-Israeli conflict.” As she continued, she realized that between the forearms was pictured a map of Palestine, with no reference to Israel and in support of the rally cry of Palestinians “from the river to the sea.”<sup>61</sup> As she began to compare the two languages in the document, she noted that the English version mentioned 30 charitable organizations in the West Bank and Gaza Strip, and 39 in the Arabic version. Those nine were part of a financial network providing funds to families of HAMAS terrorists killed in attacks on Israelis.<sup>62</sup> It was possible to “purchase a martyr’s son” at HLF conventions in the United States to help support the families of “heroes” in the eyes of Allah.<sup>63</sup>

Founded in 1987, HLF was a charitable organization under the above-mentioned Internal Revenue Service codes for a religious charity. Considered “America’s most perfectly disguised Islamic charity”; of course, the word “charity” covered an alternative purpose to the organization’s mission.<sup>64</sup> From 1989 to late 2001, the Holy Land Fund for Relief and Development was a false front charity collecting funds for the support of HAMAS and other terrorist organizations operations.<sup>65</sup>

Originally called the Occupied Land Fund, and started by Palestinian immigrants, HLF helped those suffering in the violence occurring between Palestinians and Israelis. Musa Abu Marzouk was the first major donor to the fund with \$200,000 (USD), as well a member of HAMAS residing in the United States, and eventually became the leader of

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<sup>61</sup> *Terrorist Hunter: The Extraordinary Story of a Woman Who Went Undercover to Infiltrate the Radical Islamic Groups*, 77.

<sup>62</sup> *Ibid.*, 78.

<sup>63</sup> *Ibid.*, 77.

<sup>64</sup> Burr and Collins, *Alms for Jihad: Charity and Terrorism in the Islamic World*, 271.

<sup>65</sup> *Ibid.*, 275.

the HAMAS political bureau.<sup>66</sup> Although this is not damning in and of itself to the HLF, the facts will continue to demonstrate that it was a front for HAMAS in the United States.

The next link in the chain occurred in 1993, when Ghassan Elashi, Chairman of the Islamic Association for Palestine (IAP) moved HLF headquarters to the IAP headquarters. Elashi's wife was also the cousin of Musa Abu Marzouk.<sup>67</sup> Hindsight 20/20, we see the growth of a terrorist network and financial cell "legally" in the United States. One of the more interesting phrases used on fund raising commitment cards was: "Yes. I can and want to help needy families of Palestinian martyrs, prisoners, and deportees."<sup>68</sup> One final piece of evidence to close the loop on the network actions occurred when Rahman Anati, the Jerusalem Director of HLF, was arrested for dispersing funds to families of Palestinian suicide bombers. This financial network allowed terrorist to concentrate on their mission of terror, knowing that their families are provided for no matter what happened. The connection between "purchasing a martyr's son" for charity and supporting the terrorist network can easily be seen.

### **3. Unique Connections**

Islamic charities connected to Saudi Arabia provide an excellent case for the need to focus on and protect charitable organizations from the abuse of terrorist organizations around the world. Saudi charities, at a minimum, do have weak ties to terrorist organizations and some evidence suggests that there may stronger ties to explore.<sup>69</sup>

There are many examples of ties other than weak ones in regards to the Saudis and terrorist organizations. Up until 2003, Osama bin Laden had been allowed to collect millions of dollars in funds from supporters in the Kingdom although the government of Saudi Arabia termed him a renegade and issued a (very weakly executed) warrant for his

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<sup>66</sup> Burr and Collins, *Alms for Jihad: Charity and Terrorism in the Islamic World*, 271.

<sup>67</sup> Ibid., 272.

<sup>68</sup> Ibid., 272.

<sup>69</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, 76.

arrest.<sup>70</sup> While allowed to operate freely in Saudi Arabia, he publicly called for charitable contributions toward Al-Qaida and other radical groups.<sup>71</sup>

Although Saudi charities have been part of humanitarian efforts around the globe, a senate investigative commission states in 2003 that “Saudi Arabia is present at every stage of Al-Qaeda financing, but primarily as the major source of funding.”<sup>72</sup> The Saudis up through 2003 also passed protection money onto Osama bin Laden, and charities were the conduit it which it occurred.<sup>73</sup> The 9/11 Commission termed Saudi Arabia as a “fertile [area for] fundraising groups” and implicated extreme religious views, charitable giving and little legal oversight as part of the problem.<sup>74</sup> So how has Saudi Arabia, a friend of the United States, become involved in directly financing terrorism? Wahhabism.

A PBS Frontline analysis finds:

For more than two centuries, Wahhabism has been Saudi Arabia's dominant faith. It is an austere form of Islam that insists on a literal interpretation of the Koran. Strict Wahhabis believe that all those who do not practice their form of Islam are heathens and enemies. Critics say that Wahhabism's rigidity has led it to misinterpret and distort Islam, pointing to extremists such as Osama bin Laden and the Taliban. Wahhabism's explosive growth began in the 1970s when Saudi charities started funding Wahhabi schools (madrassas) and mosques from Islamabad to Culver City, California.<sup>75</sup>

As we will see, we cannot discount the influence of strict religious beliefs around the globe, even in the most secular of societies. It is an enabler to humans to carry out extraordinary acts of kindness and terror.

Ali al-Ahmed, a Shi's Muslim who grew up in Saudi Arabia describes for us the religious curriculum he grew up with on the Arabian Peninsula. According to what he

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<sup>70</sup> Posner, *Secrets of the Kingdom: The Inside Story of the Saudi-U.S. Connection*, 166.

<sup>71</sup> Ibid., 167.

<sup>72</sup> Ibid., 168.

<sup>73</sup> Ibid., 168.

<sup>74</sup> Ibid., 170.

<sup>75</sup> "PBS – Frontline: Saudi Time Bomb? Analyses: Wahhabism"  
<http://www.pbs.org/wgbh/pages/frontline/shows/saudi/analyses/wahhabism.html> (accessed Jul 12, 2009) .



experienced, there are two groups of people in the world, the Salafis (Wahhabis) Muslims those who are the winners and will go to heaven. The other group is a conglomeration of all other people, no matter what their faith, who shall be hated, persecuted, or even killed, based on their status as non-believers, polytheist, or one who is not a “pure” Muslim. One interesting point that Ali makes in his interview, is that although Prince Nayif of Saudi Arabia condemned Osama bin Laden actions, they did not condemn the message he was sending.<sup>76</sup> We must remember that Osama bin Laden grew up in Saudi Arabia within a very wealthy family and attended schools teaching the Wahhabism form of Islam.<sup>77</sup> He is an example of Wahhabism’s extremist membership.

Mai Yamani, an anthropologist in Saudi society states:

I think that the new mood, the new trend, especially after the Gulf War, has become for all these neo-Wahhabis ... [is to use] Islam ... as a platform for political ideas and activities, using Islam to legitimize political, economic, social behavior. These people have been brought up in a country where Islam legitimizes everything. And they have used the teachings from the religious establishment, but became more political in expressing dissent and criticism of the regime.<sup>78</sup>

Here in lies the unique vulnerability to Islamic charities, the Wahhabi teaching connects terrorism to fundamental Islamic beliefs and creates either a feeling of empowerment or guilt in followers, which results in donations specifically to false or compromised charities.

An authority on Islamic fundamentalism, Vali Nasr, states that there is a connection between the fundamentalism of Islamic/Muslim terrorist groups and the fundamentalism of the Wahhabi.

The connection has been growing very, very strong in the past 20 years, and particularly in the past ten years. The dominant school of Islam with which the Taliban associate -- which is known as the Deobandi school — is very prominent in Afghanistan and also in wide areas of Pakistan.

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<sup>76</sup> "PBS – Frontline: Saudi Time Bomb? Analyses: Wahhabism," <http://www.pbs.org/wgbh/pages/frontline/shows/saudi/analyses/wahhabism.html> (accessed July 12, 2009) .

<sup>77</sup> "TIME.Com – One Nation, Indivisible," <http://www.time.com/time/covers/1101010924/wosama.html> (accessed July 12, 2009).

<sup>78</sup> *PBS - Frontline: Saudi Time Bomb? Analyses: Wahhabism.*

Northern India has increasingly gravitated toward Wahhabi teaching, and has very, very strong organizational ties with various Wahhabi religious leaders.<sup>79</sup>

The Deobandi school is located near Delhi, India, and teaches a fundamental form of Islam that believes Muslims have fallen away from the faith due to secularism.<sup>80</sup>

In analyzing the information contained in the research above, I have concluded that the over the last 20 years, 250 years of Wahhabism teaching has created the capability and will for terrorist to execute actions throughout the world.<sup>81</sup> The vulnerability created by the extreme views of Wahhabism allows “righteous” Muslims to fund terrorist networks, by any means possible, to include the abuse of charitable organizations. This provides the ability to raise funds for required expenses to maintain a network believers committed to the cause of extremist Islam. This network includes the funding and establishment of a global school system to continue the development of future generations of extremist individuals and an array of asymmetric weapons and tactics used by terrorists. Far too long terrorists have used the cloak of charity to finance the operations of their organizations.

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<sup>79</sup> PBS - *Frontline: Saudi Time Bomb? Analyses: Wahhabism*.

<sup>80</sup> "Deobandi Islam," <http://www.globalsecurity.org/military/intro/islam-deobandi.htm> (accessed July 12, 2009).

<sup>81</sup> Christopher M. Blanchard, *The Islamic Traditions of Wahhabism and Salafiyya* (Washington, DC: Congressional Research Service Report for Congress, [2008]) (accessed July 12, 2009).

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### III. DIASPORAS AND TRIBALISM

#### A. STRONG TIES

In this course of research, Muslim diasporas rise to the surface as an integral part of the overall topic of Islamic charities and the financing of terrorist organizations. The traditional definition of a diaspora is associated with a group of people both forcefully dispersed from their homeland and maintaining deeply rooted and established ties back to the homeland through traditions and material exchange.<sup>82</sup> A more contemporary definition includes growing ethno-national groups within a nation-state due to migration and the availability of new and affordable communications technology.<sup>83</sup> Muslims as an ethno national group are maintaining ties to their extended families and homeland through the use of Internet and inexpensive cellular technology. These actions also further a vision among Muslims of a global ummah, or community around the globe.

Law enforcement and intelligence agencies should take a keen interest in diasporas for many reasons. Well-organized diasporas exist throughout all of North America and Western Europe effectively connecting isolated ethnic populations with their homelands.<sup>84</sup> This has been magnified by globalization in recent years and allows people to “live” in one country, while residing in another.<sup>85</sup> Individuals maintain financial ties and current knowledge of their home country’s current events, politics, and religious teachings through electronic means which allows “real-time” updates between them. The reverse has also occurred where political campaigning and fundraising has occurred in diasporas by candidates from the diaspora’s home country.<sup>86</sup> Both actions cultivate, maintain and strengthen the diaspora.

In this chapter, I will discuss the role that assimilation, non-assimilation and tribalism can play fortifying diasporas against their host nation, and the possible rise of a

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<sup>82</sup> Schumann, *A Muslim 'Diaspora' in the United States?* 12.

<sup>83</sup> Ibid., 13.

<sup>84</sup> Garbi Schmidt, "The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas," *The Muslim World* 95, no. 4 (October 2005), 578.

<sup>85</sup> Naím, *Missing Links: The New Diaspora*, 96.

<sup>86</sup> Ibid.

virtual extremist global Muslim diaspora on the Internet. Eventually, this will lead to a globalized and organized network of Muslims that may rise and supersede the established nation states in unity and provide a legal framework for terrorist to operate within and raise required funding through large charitable donations collected throughout diasporas.

## **B. THE UNITED STATES AND EUROPE: OPPOSITE ENDS OF THE SPECTRUM**

As with any story of immigration to the United States, newly arrived Americans eventually settled into dense communities in major cities throughout the United States. The Little Italies, Chinatowns and “Southies” (Boston’s Irish Catholic community) are still in existence today throughout the United States. Muslim diasporas, under the more contemporary definition, purposely grew in the United States starting in the 1950s and 1960s due to an influx of Muslims arriving in the United States to continue their education at higher levels and eventually return back to their home country.<sup>87</sup> Their education plan included a short-term stay and little to no assimilation to their host country. A long-term strategy to make the United States of America their new home like the immigrants mentioned earlier was not part of their future. Up and until the late 70s, they were arriving as Muslims, and departing as higher educated Muslims back to their native homelands. Islam ascended to a strong transnational religion due to this migration between the nation states in the Middle East and the West.<sup>88</sup>

As more Muslims entered the United States for educational purposes, it had become evident that they would tend to “group together” to help maintain their sense of their homeland community and traditions. Muslims, arriving from numerous different countries, all had the same interest in maintaining habit patterns that they had learned and established as young adults, and not to allow themselves to change by their experience in the United States. Although they continued to speak in their native languages, English quickly became the common language among the network of the many different Muslim

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<sup>87</sup> Schumann, *A Muslim 'Diaspora' in the United States?* 15.

<sup>88</sup> Schmidt, *The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas*, 576.

diasporas throughout the United States.<sup>89</sup> Even today, young Muslim adults speak multiple languages and travel to the United States to take advantage of higher education, but in advance of their Islamic religion in a transnational way, as opposed to the “American Dream.”<sup>90</sup>

As English became more commonplace, print media such as the Muslim Student Association News became more important than ever in maintaining the network and identity of Muslims in the United States. A concerned member of the Muslim Student Association, Maysoon Kahf, used this medium to write a letter to Muslim students in America who faced a “life-or-death-situation.” She states:

There are too many anti-Islam forces at work against us: valueless schools, material rather than spiritual rewards, TV and movie violence and sex, and above all, all around us is the god of America—the Human Individual—the self-important person who makes rules according to his own judgment, the one who does not want to be bothered by an old parent or young child.<sup>91</sup>

In this quote, we see the conviction of those who want to remain true to their faith of Islam and their home of origin. It is also obvious that a very blatant attempt is being made to force a choice between non-assimilation and assimilation of the Islamic community to that of the geographic region they are in, in this case, the United States and Europe. The quote above sounds eerily familiar to those that Osama bin Laden is now quite well known for. Although the Muslim Student Association stated it did not want to become a political entity, it did ride a very fine line in perpetuating support for the struggles of Muslims abroad in places such as Palestine, Iran and other Muslim countries. The MSA began leveraging the geographic position of the United States for the advancement of the ummah across the globe while maintain the developing network of Muslim students in the United States.<sup>92</sup>

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<sup>89</sup> Schumann, *A Muslim 'Diaspora' in the United States?* 15.

<sup>90</sup> Schmidt, *The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas*, 579.

<sup>91</sup> Schumann, *A Muslim 'Diaspora' in the United States?* 16.

<sup>92</sup> *Ibid.*, 17.

As the 1980s began, Muslims that had planned to stay for a short time in America began planting roots and attitudes changed toward the host country. They began funding and developing religious infrastructure such as mosques and Muslim grade schools alongside the growth of their marriages and children.<sup>93</sup> Muslim institutions, paralleling established American institutions, began to develop within the United States to support the growth of the Muslim populations and insulate them from the teachings and moral hazards that surround them outside their Muslim communities.<sup>94</sup> Although this separation occurred, a process of assimilation began for the visiting Muslims to become citizens and accepting of the values, traditions, and way of life of Americans. Immigrant Muslims in the United States consider themselves “American” they also identify deeply with their home of origin. A transnational dimension of their lives that includes frequent travel to their country of origin allowing families to remain connected and an increase in dual citizenships supports this.<sup>95</sup>

Muslim Americans seem to have also found a balance between the opportunities that the United States provides and their Muslim faith. Comparing relative prosperity and education levels of a minority, in this case Muslims in the United States, to the larger part of the United States society it can be determined that Muslims have are assimilating successfully.<sup>96</sup> Muslim American polls have shown that the majority of them fall outside the stereotypical cab driver role and are successfully employed in white-collar professional fields.<sup>97</sup> The success that Muslim Americans garner provide buy-in to their host society. In turn, this may provide an intangible first line of defense against future

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<sup>93</sup> Schumann, *A Muslim 'Diaspora' in the United States?* 19.

<sup>94</sup> Tara Leweling, "Strategic Insights – Exploring Muslim Diaspora Communities in Europe through a Social Movement Lens: Some Initial Thoughts," <http://www.ccc.nps.navy.mil/si/2005/May/lewelingMay05.asp> (accessed August 13, 2009).

<sup>95</sup> Jocelyne Cesari, "Islam in the West: From Immigration to Global Islam," *Harvard Middle Eastern and Islamic Review* 8 (2008), 157.

<sup>96</sup> Steffen Angenendt and Center for Strategic and International Studies (Washington, D.C.), "Muslim Integration Challenging Conventional Wisdom in Europe and the United States," CSIS, 77.

<sup>97</sup> *Ibid.*, 76.

Islamic extremist attacks against the United States because Muslim Americans may be (innocently) aware of plans or plots and have the ability to alert authorities.<sup>98</sup>

On the other hand, assimilation of European Muslims seems to have taken a more negative route with their host countries in comparison to American Muslims. Host Countries within Europe have failed to allow individual Muslims full integration into their societies.<sup>99</sup> This is a cause for concern for not only Europe, but the United States as well. These concerns arise with the developing transnational persona that Islam is acquiring, a corresponding revival of fundamentalism by younger Muslims, and the lack of visa required for Europeans to travel to the United States.<sup>100</sup>

As Islam continues to grow as a transnational religion, Muslim youth who are in their college years are beginning to gravitate towards fundamental Islam. This is not to be confused with extremism, but we will see how one can lead to the other. France presents an example of county with this issue. Olivier Roy, a French scholar, has coined the term “globalized Islam” and defines it as “militant Islamic resentment at Western dominance, anti-imperialism exalted by revivalism.” In France, Muslims have a long history of fighting for France in both World War I and II, and having a major role in helping rebuild France after the wars. Unfortunately, this generation of Muslims accepted being called French citizens by name only and never accepted into French culture or society.<sup>101</sup>

The younger generations of French Muslims have taken issue with this lesser form of citizenship that previous generations have accepted and extremism is becoming more prevalent among them.<sup>102</sup> Specifically, the most dangerous generation is the second generation of following World War II and has fallen into adversarial assimilation or, in more simple terms, becoming part of the crime scene.<sup>103</sup> This has led to the French

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<sup>98</sup> Angenendt and Center for Strategic and International Studies (Washington, D.C.), "Muslim Integration Challenging Conventional Wisdom in Europe and the United States," CSIS, 75.

<sup>99</sup> Robert S. Leiken, "Europe's Angry Muslims," *Foreign Affairs*, no. July/August (2005), 2, <http://www.cfr.org/publication/8218/> (accessed November 3, 2009).

<sup>100</sup> Ibid., 1.

<sup>101</sup> Ibid., 1.

<sup>102</sup> Angenendt and Center for Strategic and International Studies (Washington, D.C.), "Muslim Integration Challenging Conventional Wisdom in Europe and the United States," CSIS, 77.

<sup>103</sup> Robert S. Leiken, "Europe's Angry Muslims," *Foreign Affairs*, no. July/August (2005), 1, <http://www.cfr.org/publication/8218/> (accessed November 3, 2009).



diasporas to become dissident towards the French government and isolate themselves from the rest of society. A byproduct of this chemistry has created ungoverned spaces within the diasporas that allow “mujahedeen to fundraise, prepare and recruit for jihad” with the freedom these spaces provide.<sup>104</sup>

### C. EXPLOITING THE ZAQAT

Muslims, who take their faith and zaqat seriously, began innocently supporting family members back in their home country with financing through their local mosques, hawalas, as well as through ordinary mail.<sup>105</sup> Through the late 1980s and into the 1990s, a network of both individuals and organizations developed for the efficient transfer of funds into the Middle East and other Muslim countries from the United States. With the evidence presented in chapter two of this thesis, it is easy to see that the network of diasporas was leveraged by terrorist organizations to carry out “system-challenging behavior against the United States.”<sup>106</sup>

Muslim population centers provide a profitable area to gather funds for the zaqat and Islamic charities. Unfortunately, they also provide fertile ground for terrorist organizations to establish footholds in the local economy and take advantage of fundraising efforts and sympathetic views towards their “higher cause.”<sup>107</sup> The majority of funds raised within these dense populations are usually through legal means. Fundraising activities within diasporas include collecting membership dues (voluntary or mandatory) to be a considered a member of the diaspora, donations during parties or celebrations, and memberships within clubs internal to the diaspora itself.<sup>108</sup> Once again, with the above activities, we can see how dense ethnic populations can maintain social, cultural, and political connections to their country of origin. The funds raised through the

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<sup>104</sup> Robert S. Leiken, "Europe's Angry Muslims," *Foreign Affairs*, no. July/August (2005), 2, <http://www.cfr.org/publication/8218/> (accessed November 3, 2009).

<sup>105</sup> Schmidt, *The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas*, 576.

<sup>106</sup> Leweling, *Strategic Insights -- Exploring Muslim Diaspora Communities in Europe through a Social Movement Lens: Some Initial Thoughts*.

<sup>107</sup> Costigan and Gold, *Terronomics*, 50.

<sup>108</sup> Alterman and Von Hippel, *Understanding Islamic Charities*, 73.

above legal activities enter into; remain stored, and moved within established legal financial networks of the local area. This then equates to ease of movement through the world's financial network, and an opportunity for terrorist organizations takes advantage of their fungibility through tribalism.<sup>109</sup>

## **D. TRIBALISM**

### **1. A Basic Look**

As a conduit for terrorism, the basic principles of tribalism appear to fit squarely with the relationship between terrorist organizations and sympathetic populations in Muslim diasporas. Tribalism creates the ability to expand a flat network by the acquisition of widely scattered, but locally organized clusters into the larger multihub network.<sup>110</sup> For the purposes of this section, al Qaeda represents the established organization, and diasporas represent the loose Muslim fragmented clusters that are targeted for acquisition into the established network. The newer clusters of the network can then be used, or in this case abused, for financial support after successful integration into the larger terrorist network that is organizing the newer pieces together. Although it appears that this is a war of religious fervor, religion is just the rally cry that terrorist organizations are using to bring the individual tribes (diasporas) together<sup>111</sup>. Defining tribalism entails understanding their reasons for organizing, and how the organization will run once formed and the importance of anchoring oneself to the ethnic community around you.<sup>112</sup>

Tribes organize for one or more of a multitude of reasons and kinship and clans are the first. Kinship is what creates the basic building blocks of the tribe as a sense of belonging and identity to the family unit, and the clan establishes multiple families into a

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<sup>109</sup> Costigan and Gold, *Terronomics*, 52.

<sup>110</sup> John Arquilla and Douglas A. Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 35.

<sup>111</sup> *Ibid.*, 34.

<sup>112</sup> Robert J. Antonio, "After Postmodernism: Reactionary Tribalism," *The American Journal of Sociology* 106, no. 1 (July 2000), 55.

group for cooperative defense.<sup>113</sup> The sense of belonging is tightly tied to the basic family unit where one learns to survive not as an individual, but as part of a larger whole. Establishing identity occurs through the extended family; both across those currently living in the tribe, and learning through the lineage of those that previously lived in the tribe.<sup>114</sup> Our example mentioned earlier demonstrates the formation of diasporas in support of young Muslim students who were attempting to maintain their identity and protect it against the “anti-Islamic forces” in the United States. This is due to the logic that Western nation states cannot support, nor understand the needs of the Muslim community or family.<sup>115</sup>

Fictive kinship is also an important aspect of tribalism that is essential to our discussion. Fictive kinship is based on developing a sense of brotherhood not based on blood relations, but on association and corporate order within the tribe such as age, warrior status, and spiritual enlightenment.<sup>116</sup> It is obvious the al Qaeda uses the Muslim religion to establish the basic parameters for entry into its organization, and once acquiring a few individuals from a loose cluster, warrior status (participating in actual combat) and spiritual enlightenment (jihad) build and maintain the network.

Tribes also organize around and within a specific territory in which to exploit the resources available to them.<sup>117</sup> The densely ethnic populations of Muslim students grew around the institutions of higher learning that they chose to attend. Just as some American families favor universities that previous generations attended, so too did new generations of Muslim students choose universities where a brother, sister or cousin may already be attending. Thus, continuing an identity established by location of kin; pride in tribe, not alma mater. The tribe of al Qaeda also used this logic and first favored ungoverned spaces throughout the world to populate, organize and train their members.

The operational organization of a tribe is also useful in determining how, and at what levels a terrorist organizations can act within a Muslim diasporas around the globe. In

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<sup>113</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 36.

<sup>114</sup> Ibid., 36.

<sup>115</sup> Antonio, *After Postmodernism: Reactionary Tribalism*, 56.

<sup>116</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 36.

<sup>117</sup> Ibid., 36.

general, tribes tend to be egalitarian, segmental, and leaderless in their organization. Diasporas are egalitarian since they focus first on the importance of protecting and maintaining the individual household first, and then the larger community. Fragmentation of the potential ummah along ethnic lines is unacceptable and problematic if the global Muslim community eventually wishes to act together with one voice and body.<sup>118</sup> Muslim diasporas in the United States have successfully survived avoided fracture for over thirty years and have become stronger with the advent of globalization.

Sharing throughout the community among its members establishes and maintains an honor in kind attitude that also strengthens the community<sup>119</sup>. Communal suffering by a diaspora is an example of sharing throughout the community and non-hierarchical nature. When persecuted in its attempts to live by the will of Allah in a foreign land, the individual diaspora guides itself towards measures of resolution without the need for a human figurehead by sharing the burden among its members.<sup>120</sup> This prevents division of the populace over which “leader” to follow. The giving of the zaqat also falls directly under this paradigm of sharing and honor in the Muslim community to ease suffering by financially supporting those suffering persecution due to their Muslim faith.

Although terrorist networks like al Qaeda do not overtly take over diasporas to become nodes in the larger network they do have an ability to tap in to this sense of responsibility to other Muslims and lack of leadership through the communities. Al Qaeda takes advantage of this egalitarianism through the use of Osama bin Laden’s image of modesty and generosity as a self-effacing leader.<sup>121</sup> He does not rant and rave when he speaks, he pretends to provide for a Muslim religion that is under attack, and suffering, giving praise for those who act out in the name of jihad to protect Islam, not in the name of al Qaeda or Osama bin Laden.

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<sup>118</sup> Schmidt, *The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas*, 581.

<sup>119</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 37.

<sup>120</sup> Schmidt, *The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas*, 585.

<sup>121</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 38.

With regard to segmental organization, this again applies to the family unit or individual acting autonomously for the betterment of the whole that in turn will create a continuous action of fission and fusion within the tribe.<sup>122</sup> Looking at the diaspora, the closely-knit community will have its major disagreements amongst itself like any large family, but it is this fission that terrorist groups can act upon to create fusion to the terrorist network. We must remember that these are not overt acts on the part of terrorist networks, but acts that are covert, and leverage the trust one Muslim has for another.

The final organizational piece of a tribe's operational organization is that it acephalous; it maintains no overall framework or structure.<sup>123</sup> There is no hierarchal nature to the group because the group is in a constantly state of fission and fusion between families. For one person to rise up and declare themselves a leader based on certain views would remove the importance of autonomy from the Muslim individual or household.<sup>124</sup> Islam seeks loyalty between believers and the common practice of the ummah, not overbearing and oppressive leadership as can be construed of the West's bureaucracies.<sup>125</sup> Terrorist groups can exploit this characteristic by providing or encouraging individuals to support their cause in many ways, one of which is financially, on the basis of the individual Muslim's autonomy. Over time, those newly convinced individuals will eventually build more support through the ties of kinship, brotherhood or community already mentioned without the interference of an overarching leadership structure.

Overall, it is more important to maintain the customs and codes of etiquette within a tribe than hierarchy, force, and law.<sup>126</sup> In relation to the abuse of Muslim charities, tribalism connects the Muslim diasporas with terrorist networks through common religion, a religion which calls for the donation of money toward charities for the betterment of the Islamic community. This essentially opens up the diaspora to abuse by

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<sup>122</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 38.

<sup>123</sup> Ibid., 38.

<sup>124</sup> Ibid., 37.

<sup>125</sup> Schmidt, *The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas*, 577.

<sup>126</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 38.

terrorist networks through charities based on the custom and code of Muslim charitable giving. Diasporas, whether blinded with sympathy for the suffering Muslim terrorist organization or by ignorance of the actual theft of money through the guise of charitable giving are fertile ground for terrorists to raise the much-needed capital to maintain the overhead of their network.

## **2. War and Religion**

After having made the comparison between diasporas and tribalism on a basic level, a more detailed look is required to understand how war and religion play into the dynamic. It has already been established that tribalism maintains a family values system that connects not only members of a family together, but also the families that make up a tribe, or in this case, a diaspora. Although diasporas are fractured from each other throughout the world, the ability to network through the use of the Internet allows for a vision of a transnational and/or virtual ummah as possible.<sup>127</sup> Also, within the aspects of tribal war, solidarity is created amongst the tribes as they fight as a whole through segmented warfare, differences amongst the tribe or tribes involved are put aside.<sup>128</sup>

This galvanizing affect of war over the tribe or tribes does not infringe on the ability of individuals or groups within the tribe to act autonomously in the best interest of the overall group. “Classic tribal warfare emphasizes raids, ambushes, and skirmishes – attacks followed by withdrawals, without holding ground.”<sup>129</sup> Looking at the broad aspects of the many examples that terrorists have left for us in their attacks, we can easily see that terrorist networks easily fit the mold of tribalism by building support through action in this respect.

Tribal religion creates an us versus them attitude that sharply divides those parties that decide to fight against one another. Those entering into war over religion or on behalf of a higher power will target all members of the opposition’s side to include

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<sup>127</sup> Schmidt, *The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas*, 577.

<sup>128</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 40.

<sup>129</sup> *Ibid.*, 40.

women and children.<sup>130</sup> It becomes a war of extermination, personal and emotional, as opposed to a war of policy occurring within the system of nation states. Although one nation state may lose in a war of policy, more than like its people will survive and be accessed into the new order. On the other hand, a war of religious wills continues until the “stronger” religion prevails and the other ceases to exist.

In the case of a conflict between a nation state and a tribe, one fighting a war of policy and the other fighting a war of religion, it will be difficult to find an end to the conflict. The policy makers will continually try to appease all involved, while the tribe will continually try to defeat the opposing parties. Those caught in the middle, such as people living within diasporas, will have to ultimately choose between tribe or state. Cultural differences, not racism based on biological differences, must be addressed or ethnic communities will unite across the globe to resist their culture from being watered down by the melting pot of the West.<sup>131</sup> Inevitably, tribalism will lead Muslims away from the state and its policies, which they may not be comfortable with due to non-assimilation, and toward the comfort of the tribe and the maintaining of their Muslim identity.

In the case of diasporas, this will not be obvious until a complete decoupling from the West’s values is achieved. Until then, it will be very easy for the sympathetic members or those divided between allegiance to their host nation and their religion to support one with their words, and the other with their anonymous monetary gifts toward religious charity. This provides an excellent opportunity for terrorist organizations to exploit Muslim diasporas for the funds required to maintain the war chests of terrorist organizations and networks. Terrorist organizations accomplish this through abuse of charities by leveraging a discriminating narrative content, social appeal, and the use of information technology.<sup>132</sup>

Through the narrative content of jihad, terrorist organizations are able to divide the world into the ummah of Muslim brothers and sisters who have suffered insult and

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<sup>130</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 41.

<sup>131</sup> Antonio, *After Postmodernism: Reactionary Tribalism*, 61.

<sup>132</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 40.

humiliation at the hands of infidels and non-believers.<sup>133</sup> Under this narrative, terrorist organizations provide an either/or dilemma for a very large part of the world's population (Approximately 1.2 Billion)<sup>134</sup>. This dilemma will be faced on a daily basis by those inhabiting diasporas across the globe creating an image of serving two masters (a host nation and a religion) with conflicting ideology and furthering a feeling of desperation for resolution. Muslim youth are turning from the Islam of their parents learned in the diaspora and opting for a more universal transnational practice of Islam.<sup>135</sup> With the Internet, they are able to "transcend their biological, cultural and social background" and connect to the global ummah as an individual searching for their true faith.

The search for resolution of this dilemma will eventually lead to an analysis by the individual of their surroundings. The social appeal of the jihad offers a universal transnational answer to allow Muslims to overcome the wrongdoing of their non-Muslim host nation and draws them closer to terrorist organizations.<sup>136</sup> As previously discussed, the parallel institutions based on maintaining and Muslim identity created by diasporas will once again come into play to deepen the relationship with religion and ideology, and may undermine trust in host nation policy.

The large majority of Muslim youth use the Internet as an unquestionable knowledge base to learn about their religion.<sup>137</sup> Although some may see the Internet as a tool to be chosen from many to communicate and learn, it is becoming essential to connecting displaced individuals to supporting communities.<sup>138</sup> Terrorist organizations maintain an ever expanding and constant use of the Internet to exploit these searching souls in two major ways. First, just as any member of any family can maintain connections with other family members around the globe with the Internet, so do terrorist

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<sup>133</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 42.

<sup>134</sup> "Islam Basics," <http://www.cair.com/AboutIslam/IslamBasics.aspx> (accessed Sep 2, 2009).

<sup>135</sup> Schmidt, *The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas*, 583.

<sup>136</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 42.

<sup>137</sup> Schmidt, *The Transnational Umma – Myth Or Reality? Examples from the Western Diasporas*, 585.

<sup>138</sup> Craig Howe, "Cyberspace is no Place for Tribalism," *Wicazo Sa Review* 13, no. 2, Technology and Native American Culture (Autumn 1998), 21.



organizations. It creates a virtual diaspora where terrorism is an accepted form of expression (by rebellious youth) and un-hindered by a nation states laws or policy. It allows for the cultivation of ideas between current and future members of terrorist groups through the common ties of the Islamic religion, specifically Wahhabi (and Salafi) teachings.<sup>139</sup> A quote addressing Native American tribes using the Internet unsuccessfully is fitting here, "But until its universalistic and individualistic foundation is reconstructed to incorporate spatial, social, spiritual and experiential dimensions that particularize its application, cyberspace is no place for tribalism."<sup>140</sup> Al Qaeda has successfully overcome the problems quoted here and it will continually create a base of individuals who, although are not physically engaged in terrorist acts, they will be convinced to financially engage through the emotional use of religion.

## **E. CONCLUSION**

This chapter demonstrated the problem of non-assimilation by Muslims in Europe and how the attributes of tribalism can fortify diasporas against their host nation. These issues have provided a deep and fertilized ground for Muslims to root themselves in self-segregation if allowed to continue. Accepting the lessons that Europe is providing us on non-assimilation of Muslims into society is imperative because terrorism only needs a committed few to succeed.<sup>141</sup> With the contradiction in success and failure of assimilation of Muslims within the United States and Europe respectively, the United States must be more vigilant to infiltration of Islamic extremists from Europe then from sleeper cells within the United States itself.<sup>142</sup> It is also important that the United States

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<sup>139</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 44.

<sup>140</sup> Howe, *Cyberspace is no Place for Tribalism*, 27.

<sup>141</sup> Angenendt and Center for Strategic and International Studies (Washington, D.C.), "Muslim Integration Challenging Conventional Wisdom in Europe and the United States," CSIS, 76.

<sup>142</sup> Robert S. Leiken, "Europe's Angry Muslims," *Foreign Affairs*, no. July/August (2005), 8, <http://www.cfr.org/publication/8218/> (accessed November 3, 2009).

realize that although it is important to clearly define between extremism and fundamentalism, tribalism can be a conduit for individuals or groups of fundamentalist to cross from one column to another.<sup>143</sup>

As Islam continues to grow as a transnational religion, we must be very mindful of possible spillover of discontent from European Muslims into the United States if the virtual ad-hoc ummah becomes an organization of tribal entities. This may give rise to a virtual and extremist global Muslim diaspora with the Internet as its catalyst. Eventually leading to a globalized and organized network of Muslims that may rise and supersede the established nation state system in unity and providing a legal framework for terrorists to operate within. The ad-hoc virtual ummah that currently exists between diasporas and their homeland through a virtual network has helped raise required funding for terrorist organizations and operations through the abuse of large charitable donations collected throughout diasporas.

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<sup>143</sup> Jocelyne Cesari, "Islam in the West: From Immigration to Global Islam," *Harvard Middle Eastern and Islamic Review* 8 (2008), 167.

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## **IV. STATE RESPONSES**

### **A. A STAKE IN THE GROUND**

It is an assumption that September 11, 2001, was a wakeup call for the United States of America and its policies on terrorism. Up until that point, terrorist attacks had only been effective overseas in achieving the most effective dollar to terror ratio against the United States. With the exception of Pan Am 103, most terrorist attacks from 1988-2000 against United States citizens claimed only a small number of lives compared to 9/11. Although those attacks were ineffective against changing the United States' policy on terrorism, they did set the U.S. up for the black eye it received on September 11, 2001. The terrorist attacks prior to September 11, 2001, convinced the United States government that it had terrorism under control because the attacks being experienced were just under the glass ceiling of unacceptable losses, and were not interfering with the American way of life at home.

September 11, 2001, is a stake in the ground for changes made by the United States and the international community's policies on terrorism throughout the world. In this chapter I will argue that the United States possibly realized that Cold War policies of knowing the enemies capabilities and determining intent was now out of date, and now the reverse was true. A reactionary posture towards terrorism would no longer work, and the United States and the international community have finally determined how to go on an offensive campaign to thwart terrorism before it occurs. It is ironic that Osama bin Laden attacked the economic center of the world, and one of the major fronts of the war against terrorism targeted by the Federal Bureau of Investigations and the Financial Action Task Force is terrorist's financing.

### **B. BACKGROUND LEADING TO CHANGE**

For the majority of the 100 years that the Federal Bureau of Investigation has been around, they have been well known as criminal investigators, that is, after the crime is committed. The focus of their job was to counter a terrorist action after its initial stages of execution, reacting to the incident with information gathered to attempt to

understand how to defuse it. The Federal Bureau of Investigation has been dealing with terrorism since the early 1970s; the most notable examples are hijacked airliners sitting on airport ramps throughout the world with demands being made by those inside.<sup>144</sup> At that time, the FBI maintained more of a responsive posture to incidents that occurred than a preventative posture.

In 1999, a glimmer of understanding about taking offensive measures against terrorism occurred in the United Nations. The United Nations established a Security Council Committee aptly called the “Al-Qaida and Taliban Sanctions Committee” in accordance with UN resolution 1267.<sup>145</sup> This committee was charged with the accountability of member states to implement three measures (sanctions) specifically against members of the Taliban, Al-Qaida, and their organizations. The measures include the freezing of their assets, preventing travel of individual members, and preventing the ability to acquire arms.<sup>146</sup> Although, this resolution was targeting the right crowd of individuals who would soon enough prove themselves, it was unfortunately too little too late. The United Nations had no way of maintaining accountability of its member states to take the above actions. In addition, because this resolution was so specific towards Al-Qaida and the Taliban, it could not be enforced against those not named in the resolution.

Again, in 2000, the United Nations “reaffirmed” its position with respect to the nation of Afghanistan, the Taliban and Al-Qaida with resolution 1333. Unfortunately, no major changes were made in regards to countering all forms of terrorism, only reiterating the previous sanctions. Of course, September 11, 2001, changed this for the United Nations.

Since September 12, 2001, the United Nations changed its stance and began to acknowledge, “...terrorism in all its forms and manifestations constitutes one of the most serious threats to peace and security, and that any acts of terrorism are criminal and

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<sup>144</sup> Charles P. Monroe, "Addressing Terrorism in the United States," *Annals of the American Academy of Political and Social Science* 463, no., International Terrorism (Sep 1982), 143.

<sup>145</sup> "The Al-Qaida and Taliban Sanctions Committee – 1267," <http://www.un.org/sc/committees/1267/index.shtml> (accessed Jun 1, 2009).

<sup>146</sup> Ibid.

unjustifiable regardless of their motivations.”<sup>147</sup> This permanently placed all forms of terrorism and terrorists into the criminal acts column in front of the international community.

The Financial Action Task Force took its cue from the United Nations when it began to develop its policy towards the financing of terrorist entities and acts. Although it has been around since 1989 to combat global money laundering, as of today the FATF has grown to 31 member states and “sets the basic framework to detect, prevent, and suppress the financing of terrorism and theorist acts.”<sup>148</sup> To further motivate and support the Financial Action Task Force, The Paris Declaration acknowledged that financial crimes have become transnational in scope and looks to the FATF to fight the financing if terrorism internationally.<sup>149</sup> It establishes counter-terrorist financing standards and maintains compliance of these standards by the international community specifically targeting cash couriers, alternative remittance systems and the abuse of non-profit organizations.<sup>150</sup>

Events such as Pan Am 103, World Trade Center 1993, Kobar Towers 1995, Embassy Bombings in 1998, and the USS Cole in 2000, demonstrated that remaining in a defensive, after the fact investigative posture would no longer work to prevent or deter terrorism. These incidents also demonstrated the need for the international community to act as a whole to combat terrorism, as opposed to only the countries directly affected; terrorism was becoming everyone’s problem.

Combating terrorism and preventing future attacks cannot rely solely on military means, and must include coordinated offensive front on financial networks throughout the world.<sup>151</sup> The United States, as well as the international community, continues efforts to thwart terrorist financing through numerous ways since 9/11. The main players

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<sup>147</sup> *Resolution 1822*, Public Law 08-40490, (2008): 1 (accessed 1 June 2009).

<sup>148</sup> "9 Special Recommendations (SR) on Terrorist Financing (TF)," [http://www.fatf-gafi.org/document/9/0,3343,en\\_32250379\\_32236920\\_34032073\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/document/9/0,3343,en_32250379_32236920_34032073_1_1_1_1,00.html) (accessed May 20, 2009).

<sup>149</sup> C. Satapathy, "Money Laundering: New Moves to Combat Terrorism," *Economic and Political Weekly* 38, no. 7 (February 15 –21, 2003), 601.

<sup>150</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 47.

<sup>151</sup> Satapathy, *Money Laundering: New Moves to Combat Terrorism*, 599.

in this effort are the United States Federal Bureau of Investigation (FBI), and the Financial Action Task Force (FATF). It must be determined whether we have truly moved from reactionary policies (pre-9/11) to policies of prevention (post 9/11), and has this shift successfully accomplished deterring terrorists from being able to effectively carry out another 9/11 scale plot.

### **1. The Federal Bureau of Investigation (FBI)**

Today, terrorism has certainly made an evolution since the 1970s and 1980s, and both the FBI and the international community must evolve as well from “after the fact investigations” to preemptive efforts to thwart attacks before they occur. Since its inception, the FBI has the investigative branch for the Department of Justice for crimes committed through all jurisdictions in the United States, and some criminal activities outside of the United States, directly affecting United States citizens such as Pan Am 103. Lockerbie, Scotland provided fertile ground for the FBI to begin its rise as the point agency for combating terrorism offensively for the United States.<sup>152</sup>

In 1982, the FBI felt that an increase in hostage negotiation training and Special Weapons and Tactics (SWAT) team training, maintaining at least one hostage negotiator at each of the 59 field offices and a team of behavioral science specialists at the FBI headquarters was enough to counter terrorism at that time.<sup>153</sup> Unfortunately, the FBI was looking at terrorism from the wrong side, they were preparing to end hostage situations without undue injury to the victims and not prevent them from occurring in the first place.<sup>154</sup>

Continuing in the early 1980s the FBI also relied on computers to access their database and allow analysts study terrorist groups and determine if a threat was possible, or action was likely to occur. This led to planning and prepositioning assets not to necessarily counter the threat, but to deal with it if occurred. The FBI relied on deterrence through presence and accepted that preparing for an attack was more

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<sup>152</sup> William C. Nagel, "The Law Enforcement Approach to Combating Terrorism: An Analysis of US Policy" (M.A. Defense Analysis, Naval Postgraduate School), 1–98, <http://bosun.nps.edu/uhtbin/hyperion-image.exe/02Jun%5FNagel.pdf> (accessed 20 May 2009).

<sup>153</sup> Monroe, *Addressing Terrorism in the United States*, 143.

<sup>154</sup> *Ibid.*, 143.

important than thwarting the attack. It was believed that as long as terrorists were not able to establish a “beachhead” within the continental United States that would render them ineffective, unfortunately globalization defeated that plan.<sup>155</sup>

As the lead agency in the Department of Justice for national security and combating criminal activities and charged with the missions of counterterrorism and counterintelligence, and empowered by Title III of the USA PATRIOT act’s “material support” legislation, the Federal Bureau of Investigation is an important part of countering terrorist financing.<sup>156</sup> The USA PATRIOT Act allowed the FBI to explore and investigate the wide-ranging methods that terrorists use for financing their network of operatives. The most important goal of this legislation is the ability to undermine the effectiveness of terrorists using financial networks, without undermining the network itself for legal users. The PATRIOT Act provides the United States the ability to legally seize funds maintained by a foreign bank that are part of a U.S. correspondent account, prosecute unlicensed money transmitters, and achieve faster access to transaction reports.<sup>157</sup> As we will see, these abilities of the FBI are the United States’ efforts to implement the nine recommendations of the Financial Action Task Force on terrorist financing.

The FBI has been empowered to bridge the gap between local and state governments of the United States and the international community at large with the Joint Terrorism Task Forces, participation in the National Security Council’s Policy Coordination Committee on Terrorism Financing and The State Department Terror Finance Working Group.<sup>158</sup> However, the efforts of the FBI must be measured against one of two goal posts in regards to terrorist financing. It is either eradicating funding of terrorist organizations or disrupting the financial network enough to make it more difficult to funnel funds through legal forms of financial channels, or possibly both.

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<sup>155</sup> Monroe, *Addressing Terrorism in the United States*, 148.

<sup>156</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 35–36.

<sup>157</sup> “Federal Bureau of Investigation – Congressional Testimony,”  
<http://www.fbi.gov/congress/congress02/lormel100902.htm> (accessed June 1, 2009).

<sup>158</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 39–40.



Prior to September 11, 2001, the FBI charge was tracking terrorist financing although it did not have any operational avenues to carry out that mission in an efficient manner.<sup>159</sup> After the attacks of 9/11, the FBI was funded and now able to generate operations specifically to counter terrorist financing called the Terrorist Financing Operations Section (TFOS). The Terrorist Financing Operations Section is charged, both nationally and internationally, to investigate financial networks of terrorist through the use of public, private, and foreign information resources (intelligence), and work with prosecutors, and law enforcement regulatory bodies throughout the world.<sup>160</sup>

The Terrorist Financing and Operations Section started life as part of the Terrorism Financial Review Group in response to the events of September 11, 2001, and the ensuing investigation. Evidence concerning the events leading up to the attack on the World Trade Center and Washington, D.C. could be directly garnered through financial evidence left behind by transactions between the terrorists. Once the investigation of the events of 9/11 concluded, the Terrorist Financing and Operations Section took over the two missions of the Terrorism Financial Review Group. The TFOS is responsible for developing financial profiles of terrorist organizations and providing a template for preventative and predictive terrorist financial investigations.<sup>161</sup> The TFOS has maintained an aggressive information campaign designed to share terrorist financing methods with both domestic and international law enforcement bodies, as well as networked with private sector financial entities. This network provides coverage for over 200 countries and territories across the world.<sup>162</sup>

The TFOS accesses this network with advanced data mining computer programming to gather information from international bank accounts and wire transfers. This is then coupled to information maintained in the centralized terrorist financial database maintained by the TFOS and provides its partners with predictive and

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<sup>159</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 36.

<sup>160</sup> *Ibid.*, 37.

<sup>161</sup> *Federal Bureau of Investigation – Congressional Testimony*.

<sup>162</sup> *Ibid.*

preventative intelligence. The terrorist financial database is a collection of individuals, cells, and organizations related to terrorism operating internationally and within the United States.<sup>163</sup>

The FBI has successfully executed cases against corrupt Islamic charities such as the Holy Land Foundation for Relief and Development, which had been linked to Hamas, and shut down the Benevolence International Foundation once it was found to be supporting Al Qaeda.<sup>164</sup>

An excellent case involving the FBI pre and post 9/11 starts in 1995 when President Clinton created an executive order that effectively categorized Hamas as a terrorist organization.<sup>165</sup> Unfortunately, the FBI did not have the resources, at that time, to freeze assets within the United States, only to track and investigate them. The Holy Land Foundation had firmly established itself in the United States as an Islamic charity, and was growing annually in its collections. In 1998, 1999, and 2000, the Holy Land Foundation raised \$5 million, \$6 million, and \$12 million USD respectfully, within the United States.<sup>166</sup> The Holy Land Foundation regularly assured U.S. authorities that dispersal of funds is solely based on charitable need and not ideology.<sup>167</sup>

Then in 1997, the Israelis carried out a raid against a Holy Land Foundation Office in Jerusalem and found documents directly linking them to Hamas. These documents were maintained to record all payments to Hamas suicide bombers, and their families throughout the region.<sup>168</sup> Unfortunately, the Department of Justice hands were tied by the Clinton White House to take any action on the matter because the United States could not be seen as shutting down a charitable organization.<sup>169</sup> The proper

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<sup>163</sup> *Federal Bureau of Investigation – Congressional Testimony.*

<sup>164</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 39.

<sup>165</sup> Burr and Collins, *Alms for Jihad: Charity and Terrorism in the Islamic World*, 273.

<sup>166</sup> *Ibid.*, 275.

<sup>167</sup> *Ibid.*, 273.

<sup>168</sup> *Ibid.*, 274.

<sup>169</sup> *Ibid.*, 274.

avenues for accomplishing this had not been firmly establish domestically or internationally as the Financial Action Task Force was only focusing on money laundering at the time.

Finally, in 2000 after an American citizen was killed in Israel, the family of that American took legal action and filed a lawsuit against Hamas.<sup>170</sup> This effort of American citizens seemed to be the catalyst for the Clinton Administration to take action in the form of lobbying the Agency for International Development to stop recognizing the Holy Land Foundation as a charitable organization.<sup>171</sup> This would effectively open the door to allow the U.S. government to investigate the now business entity for criminal connections without the political backlash. Unfortunately, this process was painfully slow and coupled with the change in administration, the events of September 11, 2001, created an atmosphere within the United States that could no longer wait on this endeavor.

After 9/11, the FBI was empowered and given the means to investigate the Holy Land Foundation through the North Texas Joint Terrorism Task Force.<sup>172</sup> Law enforcement agencies from the local, state, and federal levels joined in the effort to support the FBI to freeze Holy Land Foundation assets and shut down the Holy Land Foundation within the United States. Terrorism was no longer something you prepare for, it now required effective offensive actions to combat.

On May 27, 2009, five members of the now debunk Holy Land Foundation were found guilty of aiding Hamas through money laundering and tax fraud and sentenced to serve time in prison. U.S. District Judge Jorge Solis sentenced Shukri Abu Baker, Ghassan Elashi, Mufid Abdulqader, Mohammad El-Mezain, and Abdulrahman Odeh to prison. The men and Holy Land were convicted in November on 108 charges and prison sentences will range from 15 to 65 years. David Kris, assistant attorney general for

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<sup>170</sup> Burr and Collins, *Alms for Jihad: Charity and Terrorism in the Islamic World*, 275.

<sup>171</sup> *Ibid.*, 275.

<sup>172</sup> *Ibid.*, 275.

national security stated, "These sentences should serve as a strong warning to anyone who knowingly provides financial support to terrorists under the guise of humanitarian relief."<sup>173</sup>

Over one hundred Joint Terrorism Task Forces (JTTFs) throughout the country are the cornerstones in the FBI's sprawling network to counter terrorist financing domestically, and make the connection between the state and local governments of the United States and the international community through the FBI's International Terrorism Financial Task Force and Fusion Centers.<sup>174</sup> The Strategic Information and Operations Center at the FBI headquarters is responsible for coordinating all the regional JTTFs.<sup>175</sup>

JTTFs maintain "primary operational responsibility for terrorism investigations that are not related to ongoing prosecutions." JTTFs are operational in all 56 of the FBI's field offices plus major metropolitan areas. Their operations include surveillance source development, investigative activities and focus in sharing both classified and unclassified information with local, state, and federal government agencies.<sup>176</sup>

An excellent example of the effectiveness of the JTTFs occurred very recently in New York City. The arrest of four terrorist suspects ended a long investigation accomplished by the FBI-NYPD Joint Terrorism Task Force culminating on 20 May 2009.<sup>177</sup> This demonstrates the ability of the FBI to work at the local level in support and alongside local law enforcement activities. The FBI provided surveillance, inert explosive materials and mock "Stinger missiles" to the suspects who were planning to attack a local Jewish temple and center in the Bronx, New York, and military aircraft at a

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<sup>173</sup> "2 Founders of Muslim Charity Get 65 Years each for Funding Hamas – Local News | News Articles | National News | US News – FOXNews.Com," <http://www.foxnews.com/story/0,2933,522239,00.html?test=latestnews> (accessed June 1, 2009).

<sup>174</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 77.

<sup>175</sup> Brian A. Jackson, *The Challenge of Domestic Intelligence in a Free Society: A Multidisciplinary Look at the Creation of a U.S. Domestic Counterterrorism Intelligence Agency*, 69.

<sup>176</sup> Ibid., 69.

<sup>177</sup> "4 Arrested in Plot to Bomb NYC Temple – Wcbstv.Com," <http://wcbstv.com/breakingnewsalerts/terror.plot.temple.2.1015238.html> (accessed May 21, 2009).

local Air National Guard Base.<sup>178</sup> The “home grown” terrorist were attempting jihad out of frustrations realized through the ringleaders father who lived in Afghanistan.<sup>179</sup>

The above example provides evidence that globalization certainly has a play in magnifying local issues on the other side of the global, domestically in the United States. Diasporas within the United States certainly may require more attention by the FBI as sources of “home grown” terrorists.

## **2. Financial Action Task Force (FATF)**

The Financial Action Task Force is another major force in combating terrorist financing around the globe and ties together many governments in the international community to deny access to the international financial system by terrorist or their supporters.<sup>180</sup> Established in 1989 to combat global money laundering, the FATF has grown in 2009 to 31 member states and “sets the basic framework to detect, prevent, and suppress the financing of terrorism and terrorist acts.”<sup>181</sup> The Paris Declaration acknowledged that financial crimes have become transnational in scope and looks to the FATF to fight the financing of terrorism internationally.<sup>182</sup> It establishes counter-terrorist financing standards and maintains compliance of these standards by the international community specifically targeting cash couriers, alternative remittance systems and the abuse of non-profit organizations.<sup>183</sup> The Financial Action Task Force authored the Eight Special Recommendations (ninth added in 2004) on Terrorist Financing in addition to the 40 recommendations previously authored on money laundering. Member countries

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<sup>178</sup> "Mayor Bloomberg Reassures Riverdale Synagogue Worshippers After Bronx Terror Plot Foiled," [http://www.nydailynews.com/news/ny\\_crime/2009/05/21/2009-05-21\\_mayor\\_bloomberg\\_reassures\\_riverdale\\_synagogue\\_worshippers\\_after\\_bronx\\_terror\\_plo.html](http://www.nydailynews.com/news/ny_crime/2009/05/21/2009-05-21_mayor_bloomberg_reassures_riverdale_synagogue_worshippers_after_bronx_terror_plo.html) (accessed May 21, 2009).

<sup>179</sup> "FBI, NYPD Arrest 4 in Alleged Plot to Bomb NY Synagogues | NBC New York," <http://www.nbcnewyork.com/news/local/FBI-Bust-Plot-Foiled.html> (accessed May 21, 2009).

<sup>180</sup> "Terrorist Financing," [http://www.fatf-gafi.org/pages/0,3417,en\\_32250379\\_32236947\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/pages/0,3417,en_32250379_32236947_1_1_1_1,00.html) (accessed May 20, 2009).

<sup>181</sup> 9 *Special Recommendations (SR) on Terrorist Financing (TF)*.

<sup>182</sup> Satapathy, *Money Laundering: New Moves to Combat Terrorism*, 601.

<sup>183</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 47.

of the Financial Action Task Force are required to implement the recommendations of the task force through enforcement of the country's individual legal system.<sup>184</sup>

The Nine Special Recommendations on Terrorist Financing are:

1. Ratification and implementation of UN instruments
2. Criminalizing the Financing of terrorism and associated money laundering
3. Freezing and confiscating terrorist assets
4. Reporting suspicious transactions related to terrorism
5. International co-operation
6. Alternative remittance
7. Wire transfers
8. Non-profit organizations
9. Cash couriers<sup>185</sup>

Recommendation 1, the ratification and implementation of UN instruments, is a call to action from the Financial Action Task Force to the international community to agree on the process of criminalizing actions related to financing terrorism across the globe.<sup>186</sup> The FATF is very specific in communicating that the UN instruments to combat financing of terrorism should be instituted through common practices with in each individual nation established law.<sup>187</sup> Article V is also a call to the international community for co-operative efforts against terrorism through information sharing and investigative efforts in pursuit of terrorists.<sup>188</sup>

In turn, recommendation 2 is the actual call to criminalize financial acts in relation to terrorism throughout the international community.<sup>189</sup> If you will, a rephrasing of President George W. Bush's statement on 20 September 2001, "Either you are with us or you are with the terrorists." The FATF achieves this by basing this effort on the

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<sup>184</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 47.

<sup>185</sup> 9 *Special Recommendations (SR) on Terrorist Financing (TF)*.

<sup>186</sup> Ibid.

<sup>187</sup> "Guidance Notes for the Special Recommendations on Terrorist Financing and the Self-Assessment Questionnaire," FATF Secretariat, <http://www.fatf-gafi.org/dataoecd/39/20/34033909.pdf> (accessed May 20, 2009).

<sup>188</sup> 9 *Special Recommendations (SR) on Terrorist Financing (TF)*.

<sup>189</sup> Ibid.

already existing framework for prosecuting criminals under money laundering and strengthening it to specifically criminalize terrorist financing.<sup>190</sup>

Immediate and future actions to be taken in reference to terrorist financing are addressed in recommendation 3. The freezing of assets provides an immediate disruption to the financial network, followed by confiscation of the funds once they legally assessed and attributed to terrorist support.<sup>191</sup> Recommendation 3 requires one of two obligations to be filled to “freeze and seize” funds from criminal organizations. The first is a subjective and preventative one, based on reasonable grounds that a terrorist entity could use the funds for terrorist acts.<sup>192</sup> The second obligation provides preventative and punitive courses of action based on objective criteria that directly correlates funds to terrorists or their actions.<sup>193</sup> The following example demonstrates freezing and seizing with regards to a charitable organization that has been infiltrated by a terrorist organization. The FATF encourages the country to freeze the assets of that charitable organization to immediately disrupt the flow of funds to terrorist action based on reasonable grounds or hard evidence. When the assets are frozen, they are still the property of the charitable organization. Once an investigation concludes that terrorist funds exist within the charity, they are seized and permanently removed from the charitable organization, and the frozen assets can be released back to the charity for use.

Although they are separate recommendations, recommendations 6-9 also fall into the “actions to be taken” category with recommendation 3. They include measures for countries (member states) to regulate, detect criminal activity, and provide criminal penalties for failing to follow regulations in the areas of alternate remittance, wire transfers, non-profit organizations, and cash couriers.<sup>194</sup> The recommendation on cash couriers also provides a general catchall for future abuses of the international financial system.

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<sup>190</sup> "The Interpretative Notes to the Special Recommendations (SR) on Terrorist Financing (TF)," [http://www.fatf-gafi.org/document/53/0,3343,en\\_32250379\\_32236947\\_34261877\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/document/53/0,3343,en_32250379_32236947_34261877_1_1_1_1,00.html) (accessed May 20, 2009).

<sup>191</sup> 9 *Special Recommendations (SR) on Terrorist Financing (TF)*.

<sup>192</sup> *The Interpretative Notes to the Special Recommendations (SR) on Terrorist Financing (TF)*, 3.

<sup>193</sup> Ibid.

<sup>194</sup> 9 *Special Recommendations (SR) on Terrorist Financing (TF)*.

Recommendation 6 has three requirements that all value transfer services, including formal and informal, be accountable to and insures standardization throughout the international financial system. It includes licensing or registration, subjugation to the FATF Forty Recommendations, and the ability of the jurisdiction to impose sanctions against all who break the first two requirements.<sup>195</sup>

Special Recommendation 7 requires that basic information on the origin of a wire transfer is maintained and immediately available if requested.<sup>196</sup> This recommendation equates to requiring no more than placing a return address on a letter or postcard, but the information can be extremely valuable if the transfer ends up in the wrong hands. All though this may drive some or all illicit transfers “underground,” it will mitigate abuse to many businesses, charities and the international financial system as a whole, making it more difficult for terrorists to move funds overall. If it were easy to move funds “underground” to begin with, terrorists would have chosen that option first over the international financial system.

Recommendation 8 deals directly with Non-profit Organizations that maintain everything a terrorist needs to move funds across the globe and maintain their operations network. Non-profit organizations achieve and maintain: the trust of donors and the public, high dollar amounts of cash funds, outlets around the world to disperse cash to, and more often than not those locations are usually within areas where terrorists are likely to be, and receive and require little government oversight.<sup>197</sup>

The purpose of this recommendation is obvious, that terrorist entities are not able to abuse non-profit organizations or charities. Targeting three key threats to non-profit organizations posed by terrorist are terrorist entities setting up fronts as legitimate non-profit organizations, creating conduits out of legitimate non-profit organizations for terrorist funds, and to prevent the diversion of legitimate funds for terrorist acts.<sup>198</sup> These areas are targeted because they are the prime areas of past abuses where action

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<sup>195</sup> *The Interpretative Notes to the Special Recommendations (SR) on Terrorist Financing (TF)*, 8.

<sup>196</sup> *Ibid.*

<sup>197</sup> *Ibid.*

<sup>198</sup> *Ibid.*



needs to be taken, it also strengthens and maintains the public trust in the non-profit organizations.<sup>199</sup> The Financial Action Task Force must maintain accountability of nations accomplishing all of this while allowing the non-profit the ability to continue operations and provide for those in need around the globe.

Recommendation 9 made by the Financial Action Task Force, is over physical control of hand carried or shipments of currency or other negotiable instruments (i.e. pre-paid phone cards, gift cards). This is a difficult recommendation to implement for countries taking into account the endless miles of border that each country may have. The FATF calls nations to be able to detect cross border transportation of funds, to stop funds that could be sustaining terrorist operations or falsely declared, apply appropriate legal action, and confiscate those funds in question.<sup>200</sup> This certainly can apply generically to any other type of interstate transfer of funds that the terrorist may think of in the future, such as abusing Internet based casino gaming.

In addition to the above recommendations, the FATF maintains a non-cooperative countries and territories list in regards to those who refuse to implement measures against money laundering and financial support of terrorism within their borders. This fulfills the call by the Paris Declaration that calls for the banning of business dealings with countries without such controls.<sup>201</sup> This has forced countries to take the FATF seriously, and given credibility to the FATF's ability to deter the financing of terrorism around the world.

To continue the FATF's efforts to maintain accountability of those countries that have agreed to follow the recommendations put forth, the FATF has instituted a Mutual Evaluations Program. This program is a process by which all participating members are evaluated by the implementation and effectiveness of programs designed to follow the recommendations and is currently in its third evolution of evaluation.<sup>202</sup>

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<sup>199</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 47.

<sup>200</sup> *The Interpretative Notes to the Special Recommendations (SR) on Terrorist Financing (TF)*, 8.

<sup>201</sup> Satapathy, *Money Laundering: New Moves to Combat Terrorism*, 601.

<sup>202</sup> "Mutual Evaluations Programme," [http://www.fatf-gafi.org/pages/0,3417,en\\_32250379\\_32236982\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/pages/0,3417,en_32250379_32236982_1_1_1_1,00.html) (accessed May 20, 2009).

An expert team of financial, legal and law enforcement disciplines in conjunction with the FATF Secretariat conduct evaluations<sup>203</sup>. This team of experts is empowered by the Secretariat to spend two weeks within the nation state to meet with government and private sector business, to maintain accountability of both.<sup>204</sup> The FATF is fully aware that government oversight and involvement in the private sector can only reach so far, and that the private sector also has a responsibility to prevent abuses of the international financial system as well.

The FATF does not leave the governments and private sector to figure it out on their own; they provide them with a “Handbook for Countries and Assessors” to follow and understand what the FATF will be evaluating.<sup>205</sup> This handbook has four sections that cover everything that a nation state should expect during the evaluation and sets the foundation for the inspection. The first part, a seven-section introduction, covers the makeup of the evaluation team to in depth instructions on completing the required documents for the evaluation. The next three part, or annexes, include the “Mutual Evaluation/Detailed Assessment Questionnaire, Mutual Evaluation/ Detailed Assessment Report, and factors or elements that could be relevant to whether individual recommendations are effectively implemented.”<sup>206</sup> After a thorough review of the AML/CFT Evaluations and Assessments, Handbook for Countries and Assessors, it is obvious that the FATF is not only taking into account the overall big picture of programs in member nations, but drilling down into the actual methods used and demonstrated by nations in recent actions to combat terrorist financing.

## C. CONCLUSION

It is certainly true that September 11, 2001, was a wakeup call for the United States of America, as well as the international community, and their policies on terrorism. Up until that point, most terrorist attacks claimed only a small numbers of lives as

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<sup>203</sup> "Mutual Evaluations Programme," [http://www.fatf-gafi.org/pages/0,3417,en\\_32250379\\_32236982\\_1\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/pages/0,3417,en_32250379_32236982_1_1_1_1_1,00.html) (accessed May 20, 2009).

<sup>204</sup> Ibid.

<sup>205</sup> Ibid.

<sup>206</sup> Ibid.

compared to 9/11 and were not significant enough to require a change in the United States' policy on terrorism. The terrorist attacks prior to September 11, 2001, convinced the United States government that it had terrorism under control because the attacks being experienced were just under the glass ceiling of unacceptable losses, and were not interfering with our way of life here at home.

September 11, 2001, is also a stake in the ground for changes made by the United States and the international community's policies on terrorism throughout the world. The United States finally realized that Cold War policies of knowing the enemy's capabilities and determining intent was now out of date, and now the reverse was true. A reactionary posture towards terrorism would no longer work, and the United States and the international community finally had to determine how to go on an offensive campaign.

Empowering these changes is Title III of the USA PATRIOT act's "material support" legislation, and is an important part of the Federal Bureau of Investigation's ability to countering terrorist financing.<sup>207</sup> The most important goal of this legislation is the ability to undermine the effectiveness of terrorist uses of financial networks, without undermining the network itself for legal users.<sup>208</sup> This ability of the FBI is the United States' substantial effort to implement the nine recommendations of the Financial Action Task Force on terrorist financing. The FBI demonstrated it can bridge the gap between local and state governments of the United States and the international community at large. When measuring the efforts of the FBI, it entails either eradicating the funding of terrorist organizations or disrupting the financial network to make it more difficult to funnel funds through legal forms of financial channels. It is concluded that it is the later more than the former.

The attacks of 9/11, mandated the FBI change operationally to counter terrorist financing and created the Terrorist Financing Operations Section (TFOS). The Terrorist Financing and Operations Section first started its life as part of the Terrorism Financial Review Group in response to the events of September 11, 2001, and the ensuing investigation. The TFOS is responsible for developing financial profiles of terrorist

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<sup>207</sup> Erlande, Weiss and United States. President, *Terrorist Financing*, 35–36.

<sup>208</sup> *Federal Bureau of Investigation – Congressional Testimony*.

organizations, providing a template for preventative and predictive terrorist financial investigations, maintaining an aggressive information campaign designed to share terrorist financing methods with both domestic and international law enforcement bodies, as well as a networked with private sector financial entities.<sup>209</sup> It has fulfilled its mission satisfactorily.

Over the course of 100 years that the Federal Bureau of Investigation has been around, the last eight have demonstrated a shift in how the FBI accomplishes its strategic mission concerning terrorism. The FBI has made a transformation from a preventative posture maintained up through the late 1990s, to one of offensively thwarting terrorists attacks before they can gain momentum and financial support. The case of the Holy Land Foundation and the thwarted plot on Jewish faith centers and a United States Air National Guard Base demonstrates that the FBI has become effective both at home and abroad.

In the late 1990s, The United Nations was a major player in getting the international community to realize the international attitudes toward terrorism had to change, but it was not very effective in creating action toward that goal. The establishment of a Security Council Committee called the “Al-Qaida and Taliban Sanctions Committee” in accordance with UN resolution 1267 began to highlight the threat of terrorism to the international community.<sup>210</sup> Although, this resolution was a good, but not very effective beginning, it did form a foundation the United Nations would use post 9/11 to target and ramp up its programs against terrorism. However, more importantly it set the stage for the Financial Action Task Force to step in and become the enforcer of policies throughout the world against terrorism.

The Financial Action Task Force has proven itself as a major force in combating terrorist financing around the globe and ties together many governments in the international community to deny access to the international financial system by terrorist or their supporters.<sup>211</sup> It has filled the role required of The Paris Declaration

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<sup>209</sup> *Ibi Federal Bureau of Investigation – Congressional Testimony.*

<sup>210</sup> *The Al-Qaida and Taliban Sanctions Committee – 1267.*

<sup>211</sup> *Terrorist Financing.*

acknowledging that financial crimes have become transnational in scope and the need for an international entity to protect the international financial system.<sup>212</sup> The Nine Special Recommendations on Terrorist Financing coupled with the 40 recommendations previously authored on money laundering and complimented with the public list of non-compliant countries has given the Financial Action Task Force the ability to enforce required and effective measures to fight terrorism globally. It also provides a sound foundation for requirements that may develop in the future for fighting terrorism.

Events such as Pan Am 103, World Trade Center 1993, Kobar Towers 1995, Embassy Bombing in 1997, and the USS Cole in 2000, demonstrated that remaining in a defensive, after the fact investigative posture would no longer work to prevent or deter terrorism. These incidents also demonstrated the need for the international community to act as a whole to combat terrorism, as opposed to only the countries directly affected; terrorism has become everyone's problem.

Combating terrorism and preventing future attacks cannot rely solely on military means, and must include coordinated front on financial networks as demonstrated by the Financial Action Task Force.<sup>213</sup> The United States, as well as the international community, continues effective efforts to thwart terrorist financing through numerous ways since 9/11. It can be determined that we have moved from reactionary postures (pre-9/11) to posture of prevention (post 9/11), and this shift has successfully accomplished deterring terrorists from being able to effectively carry out another 9/11 scale plot.

It is imperative that a future policy for preventing terrorist attacks include strategy to attain maximum protection for Islamic charities and ethnic diasporas from abuses by terrorist organizations. The large amount of funds generated in diasporas not only by the zaqat (Islamic charitable giving), but by membership dues paid to the diaspora itself, may require a more stringent and hands on regulation by the international community, specifically the Financial Action Task Force, and domestically within the United States by the Federal Bureau of Investigations.

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<sup>212</sup> Satapathy, *Money Laundering: New Moves to Combat Terrorism*, 601.

<sup>213</sup> *Ibid.*, 599.

## **V. CONCLUSION**

### **A. PUTTING THE ELEMENTS TOGETHER**

#### **1. Understanding the Elements**

As stated earlier, applying the analogy of how fire burns to terrorism can allow us to understand why targeting the financing of terrorism is so important. Fire requires three things to sustain itself, fuel, heat, and oxygen. Like a fire, terrorist organizations also require three basic elements in the form of weapons, human capital, and funding sources for survival. If the logic of the analogy holds, removing or hindering one of the elements should provide a degree of disruption to the terrorist organization. In turn, this disruption should affect the ability of the organization carry out attacks by its operational cells. The research accomplished in this effort attacks one source of funding for terrorist groups.

Determining how creditable Islamic charities can avoid being compromised, and how to detect charities being used as false fronts by terrorists can establish a common picture to detect future abuses. The zaqat, diasporas and tribalism all play a part in the common operating picture in the abuse of Islamic charities and must be understood by the authorities involved to take action against such abuses. Once established, agencies such as the Federal Bureau of Investigation, the Department of Justice, and international agencies such as the Financial Action Task Force can develop strategies around this common picture to deter terrorist activities within Islamic charitable organizations and restrict the amount of money available to terrorist organizations. These institutions must first step away from bureaucracy and understand the complexities of Islam and its role throughout the world.

Knowing how terrorists use/abuse Islamic charities within a terrorist financial network to raise funds may allow those same legitimate charities to strengthen themselves and avoid accepting an unwanted business in the form of donations, hiring questionable employees, or providing funds to questionable sources and inhibiting one piece of the terrorist financial network. The international community must take a supporting role, and not a directing one in these endeavors. Once this begins to occur, the forces against terrorism will be seen as providing protection for the Muslim faith in

an indirect way and establishing credibility within the parts of the world where tribalism rules the inner workings of Muslim diasporas.

The majority of research conducted uncovered a definite line between legitimate Islamic charities and those that are false fronts to terrorism. Unfortunately, the average individual Muslim outside of war torn areas may not realize that they are providing funds directly to terrorist acts being accomplished around the world. It has been found that tribalism could easily be manipulated amongst the dense Muslim population centers around the world to create a windfall of funds towards charities supporting terrorist actions.

## **2. Fertile Grounds**

The 9/11 Commission termed Saudi Arabia as a “fertile [area for] fundraising groups” and implicated extreme religious views, charitable giving and little legal oversight as part of the problem.<sup>214</sup> This characterization of Saudi Arabia also applies to the Muslim diasporas throughout the world due to non-assimilation and parallel institutions. The United States has a successful record of accomplishment with assimilation of Muslims into society and limiting fertile grounds for extremism. Unfortunately, Europe remains a concern due to non-assimilation of Muslims into a western lifestyle. Non-assimilation and parallel institutions go hand in hand when discussing why Muslims favor extremist views against a Western lifestyle. Transnational education accomplished by Muslims from the Middle East in Western universities and colleges also allowed Islam to grow into a transnational religion. The factors of non-assimilation by Muslims to Western values, and the West’s non-acceptance of Islam created parallel Muslim institutions such as community centers, faith centers, and schools throughout the West to “take care of their own.” This has maintained the ability for extremist groups to take advantage of outcast populations throughout the world using religion as the conduit.

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<sup>214</sup> Satapathy, *Money Laundering: New Moves to Combat Terrorism*, 170.

Over the last 20 years, 250 years of Wahhabism teaching has created the capability and will for terrorists to execute actions throughout the world.<sup>215</sup> The vulnerability created by the extreme views of Wahhabism allows “righteous” Muslims to fund terrorist networks, by any means possible, to include the abuse of charitable organizations. This provides the ability to raise funds for required expenses to maintain a network believers of committed to the cause of extremist Islam. This network includes the funding and establishment of a global school system to continue the development of future generations of extremist individuals and an array of asymmetric weapons and tactics used by terrorists.

It is apparent that due to the effects of tribalism, it is more important to maintain the customs and codes of etiquette within a tribe than hierarchy, force, and law.<sup>216</sup> In relation to the abuse of Muslim charities, tribalism connects the Muslim diasporas with terrorist networks through common religion, a religion which calls for the donation of money toward charities for the betterment of the Islamic community. This essentially opens up the diaspora to abuse by terrorist networks through charities based on the custom and code of Muslim charitable giving that cannot be broken. Diasporas, whether blinded with sympathy for the suffering Muslim terrorist organization or by ignorance of the actual theft of money through the guise of charitable giving are fertile ground for terrorists to raise the much-needed capital to maintain the overhead of their network.

Non-assimilation by Muslims to their host nation and the attributes of tribalism can fortify diasporas against their host nation. This creates a deep and fertilized ground for Muslims to root themselves into through self-segregation. Eventually, a virtual and extremist global Muslim diaspora will rise with the Internet as its catalyst leading to a globalized and organized network of Muslims that may rise and supersede the established nation state system in unity and providing a legal framework for terrorists to operate within. The ad-hoc virtual ummah that currently exists between diasporas and their

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<sup>215</sup> Christopher M. Blanchard, *The Islamic Traditions of Wahhabism and Salafiyya* (Washington, DC: Congressional Research Service Report for Congress, [2008]) (accessed July 12, 2009).

<sup>216</sup> Arquilla and Borer, *Information Strategy and Warfare: A Guide to Theory and Practice*, 38.



homelands through a virtual network has helped raised required funding for terrorist organizations and operations through the abuse of large charitable donations collected throughout diasporas.

### **3. International Response**

As the lead agency in the Department of Justice for national security and combating criminal activities, and empowered by Title III of the USA PATRIOT act's "material support" legislation, the Federal Bureau of Investigation is an important part of countering terrorist financing.<sup>217</sup> It has been empowered to bridge the gap between local and state governments of the United States and the international community at large with membership in the Joint Terrorism Task Forces, participation in the National Security Council's Policy Coordination Committee on Terrorism Financing and The State Department Terror Finance Working Group.<sup>218</sup>

The changes empowered by Title III of the USA PATRIOT act's "material support" legislation is an important part of the Federal Bureau of Investigation's ability to countering terrorist financing.<sup>219</sup> The most important goal of this legislation is the ability to undermine the effectiveness of terrorist abuses of financial networks, without undermining the network itself for legal users.<sup>220</sup> The FBI demonstrated it can bridge the gap between local and state governments of the United States and the international community at large. When measuring the efforts of the FBI, it entails either eradicating the funding of terrorist organizations or disrupting the financial network to make it more difficult to funnel funds through legal forms of financial channels. It is concluded that it is the later more than the former.

The FBI successfully changed operationally to counter terrorist financing and created the Terrorist Financing Operations Section (TFOS). The TFOS is responsible for developing financial profiles of terrorist organizations, providing a template for

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<sup>217</sup> Mary B. Erlande, Martin A. Weiss and United States. President, *Terrorist Financing* (New York: Nova Science Publishers, 2006), 35 –36.

<sup>218</sup> Ibid., 39–40.

<sup>219</sup> Ibid., 35–36.

<sup>220</sup> *Federal Bureau of Investigation - Congressional Testimony*.

preventative and predictive terrorist financial investigations, maintaining an aggressive information campaign designed to share terrorist financing methods with both domestic and international law enforcement bodies, as well as a networked with private sector financial entities.<sup>221</sup> It has fulfilled its mission satisfactorily.

September 11, 2001, is also a stake in the ground for changes made by the United States and the international community's policies on terrorism throughout the world. The United States finally realized that Cold War policies of knowing the enemy's capabilities and determining intent was now out of date, and now the reverse was true. A reactionary posture towards terrorism would no longer work, and the United States and the international community finally had to determine how to go on an offensive campaign.

In the late 1990s, The United Nations was a major player in getting the international community to realize the international attitudes toward terrorism had to change, but it was not very effective in creating action toward that goal. The establishment of a Security Council Committee called the "Al-Qaida and Taliban Sanctions Committee" in accordance with UN resolution 1267 began to highlight the threat of terrorism to the international community.<sup>222</sup> Although, this resolution was a good start, it was not a very effective beginning. It did form the foundation the United Nations would use post 9/11 to target and ramp up its programs against terrorism. However, more importantly it set the stage for the Financial Action Task Force to step in and become the enforcer of policies throughout the world against financing terrorism.

The Financial Action Task Force has proven itself as a major force in combating terrorist financing around the globe and ties together many governments in the international community to deny access to the international financial system from terrorist or their supporters.<sup>223</sup> It has filled the role required of The Paris Declaration acknowledging that financial crimes have become transnational in scope and the need for an international entity to protect the international financial system.<sup>224</sup> The Nine Special

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<sup>221</sup> *Federal Bureau of Investigation - Congressional Testimony.*

<sup>222</sup> *The Al-Qaida and Taliban Sanctions Committee – 1267.*

<sup>223</sup> *Terrorist Financing.*

<sup>224</sup> Satapathy, *Money Laundering: New Moves to Combat Terrorism*, 601.

Recommendations on Terrorist Financing coupled with the 40 recommendations previously authored on money laundering and complimented with the public list of non-compliant countries has given the Financial Action Task Force the credibility to enforce required and effective measures to fight terrorism globally. It also provides a sound foundation for requirements that may develop in the future for fighting terrorism.

The Financial Action Task Force provides another major force in combating terrorist financing around the globe by uniting many governments within the international community together.<sup>225</sup> The Financial Action Task Force authored the Eight Special Recommendations (ninth added in 2004) on Terrorist Financing that all related to charities in one way or another. What is important, is that one of the eight directly mentions abuse of Non-Governmental Organizations, and provides the first steps towards protecting charities from terrorist organizations based on evidence out of the Middle East.<sup>226</sup>

Combating terrorism and preventing future attacks cannot rely solely on military means, and must include coordinated front on financial networks as demonstrated by the Financial Action Task Force.<sup>227</sup> The United States, as well as the international community, continues effective efforts to thwart terrorist financing through numerous ways since 9/11. It can be determined that we have moved from reactionary postures (pre-9/11) to posture of prevention (post 9/11), and this shift has successfully accomplished deterring terrorists from being able to effectively carry out another 9/11 scale plot.

It is imperative that a future policy for preventing terrorist attacks include strategy to attain maximum protection for Islamic charities and ethnic diasporas from abuses by terrorist organizations. The large amount of funds generated in diasporas not only by the zaqat may require a more stringent and hands on regulation by the international community, specifically the Financial Action Task Force, and domestically within the United States by the Federal Bureau of Investigations.

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<sup>225</sup> Satapathy, *Money Laundering: New Moves to Combat Terrorism*, 47.

<sup>226</sup> *Ibid.*, 48.

<sup>227</sup> *Ibid.*, 599.

Unfortunately, a global strategic plan to defeat terrorist financing is lacking, and disrupting the financial network to identify terrorist leaders, networks, groups, and operational activities seems to be the current tactical focus.<sup>228</sup> The all-inclusive lessons covered in this thesis demonstrate that there is more to this fight than physical military presence throughout the world by Western powers. A global plan to fight the financial support of terrorism, as a global unitary effort must be achieved, as opposed to individual efforts by nation states, and most importantly include respected and trusted leaders from the Muslim community. This will lower the number of terrorist attacks overseas, and continue preventing attacks on the homeland of the United States.

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<sup>228</sup> Satapathy, *Money Laundering: New Moves to Combat Terrorism*, 47.

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